O. P. BAGLA & CO.
CHARTERED ACCOUNTANTS

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8/12, KALKAJI EXTENSION
NEW DELHI - 110019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KAJARIA BATHWARE PRIVATE LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **KAJARIA BATHWARE PRIVATE LIMITED** (hereafter referred as the holding company) and its subsidiary company (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated state of affairs, consolidated financial performance, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. The respective board of directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of Consolidated Ind AS Financial Statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in para of the "Other Matters" below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the consolidated state of affairs of the Group as at 31st March 2017, its consolidated loss, its consolidated cash flows and its consolidated changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act is not applicable on Consolidated Ind AS Financial Statements as referred in proviso to para 2 of the Order.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and report of other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

O.P. BAGLA & CO. ★ New Delhi ★ Chartered Accountants

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CHARTERED ACCOUNTANTS

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(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

(e) On the basis of the written representations received from the directors of holding company as on 31st March, 2017 taken on record by the Board of Directors of Holding company and the report of auditor of subsidiary company, none of the directors is disqualified as on31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) We are enclosing herewith a report in Annexure I for our opinion on adequacy of internal financial controls system in place and the operating effectiveness of such controls.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a) The Group does not have any pending litigations which would impact its financial position in its financial statements.

b) According to the information and explanations provided to us, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c) There is no amount, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company wherever applicable.

d) The Group had provided requisite disclosures in its Note No..... the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account and records maintained by the Group and as produced to us by the Management

For O. P. BAGLA & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 000018N

(NITIN JAIN)
PARTNER
M. No. 510841

PLACE : NEW DELHI
DATED : 15.5.17

O.P. BAGLA & CO. New Delhi Chartered Accountants

O. P. BAGLA & CO.
CHARTERED ACCOUNTANTS

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ANNEXURE- I TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In conjunction with our audit of the consolidated Ind AS financial statements of the company as of and for the year ended March 31, 2017, We have audited the internal financial controls over financial reporting of **KAJARIA BATHWARE PRIVATE LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary company (collectively referred to as "the Group"), which are companies incorporated in India, as of that date.

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

Auditor's Responsibility
Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the

O.P. BAGLA & CO.
New Delhi
Chartered Accountants

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Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;
(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary company which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For O. P. BAGLA & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 000018N

(NITIN JAIN)
PARTNER
M.No. 510841

PLACE : NEW DELHI
DATED : 15.5.17

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited - Consolidated
Balance Sheet as at 31 March, 2017

(Amount in Rupees Lakhs, unless otherwise stated)

	Particulars	Notes	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
I	**ASSETS**	-	0.0023	0.0000	0.0000
	(1) Non-current assets				
	(a) Property, plant and equipment	3	6,907.90	6,884.27	2,845.80
	(b) Capital work-in-progress	3	175.76	110.16	2,820.37
	(c) Goodwill		93.61	93.61	-
	(d) Intangible assets	4	22.06	28.14	5.66
	(e) Intangible assets under development	4	-	-	13.55
	(f) Financial assets				
	- Loans	5	29.80	28.66	11.87
	(g) Other non current assets	6	101.10	53.38	94.31
	Sub Total		**7,330.23**	**7,198.22**	**5,791.56**
	(2) Current assets				
	(a) Inventories	7	3,011.43	4,522.72	1,140.71
	(b) Financial assets				
	(i) Trade receivables	8	2,604.93	1,847.69	607.77
	(ii) Cash and cash equivalents	9	93.34	83.43	73.72
	(iii) Bank balances other than (ii) above	10	31.82	29.34	25.00
	(iv) Loans	5	29.01	15.60	1.51
	(v) Other Financial Assets	5	-	0.55	2.72
	(c) Other current assets	6	340.51	583.67	341.24
	Sub Total		**6,111.04**	**7,083.00**	**2,192.67**
	Total Assets		**13,441.27**	**14,281.22**	**7,984.22**
II	**EQUITY AND LIABILITIES**				
	Equity				
	Equity share capital	11	2,500.00	2,500.00	1,500.00
	Other Equity	12	(1126.93)	733.71	(13.28)
	Minority Interest		142.33	195.46	447.81
	Sub Total		**1,515.40**	**3,429.17**	**1,934.54**
	LIABILITIES				
	(1) Non-current liabilities				
	(a) Financial liabilities				
	- Borrowings	13	8,438.92	7,233.12	3,869.02
	(b) Provisions	14	36.14	-	-
	Sub Total		**8,475.06**	**7,233.12**	**3,869.02**
	(2) Current liabilities				
	(a) Financial liabilities				
	(i) Borrowings	13	649.95	1,487.52	935.24
	(ii) Trade Payables	15	1,050.43	754.22	368.64
	(iii) Other financial liabilities	16	1,433.55	1,135.08	721.63
	(b) Other current liabilities	17	300.83	223.66	151.74
	(c) Provisions	14	16.04	18.45	3.26
	(d) Current Tax Liabilities (Net)	18	-	-	0.17
	Sub Total		**3,450.81**	**3,618.94**	**2,180.67**
	Total Equity and Liabilities		**13,441.27**	**14,281.22**	**7,984.22**

Significant Accounting Policies 1 & 2

The accompanying Notes 1 to 43 form an integral part of these financial statements

FOR O P BAGLA & CO.,
CHARTERED ACCOUNTANTS
FRN : 000018N

PARTNER

Place: New Delhi
Date: 15.5.17

For and on behalf of the board

Director

Director

Company Secretary

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited - Consolidated
Statement of Profit and Loss for the year ended 31 March 2017

(Amount in Rupees Lakhs, unless otherwise stated)

	Particulars	Notes	For the Year ended 31 March 2017	For the Year ended 31 March 2016
I	**REVENUE**			
	Revenue from operations	19	12,011.02	7,299.30
	Other income	20	25.63	21.20
	Total Revenue (I)		**12,036.65**	**7,320.50**
II	**EXPENSES**			
	Cost of material consumed	21	1,746.08	1,701.49
	Purchases of stock in trade		2,857.82	3,410.00
	Changes in inventories of finished goods, stock-in-trade and work in progress	22	1,377.84	(2,745.56)
	Excise duty on sale of goods		904.98	539.96
	Employee benefits expense	23	2,574.45	1,897.37
	Finance costs	24	854.07	657.67
	Depreciation and amortization expense	25	435.43	323.73
	Other expenses	26	3,199.74	2,317.41
	Total expenses (II)		**13,950.41**	**8,102.07**
III	**Profit / loss for the year from continuing operations (I-II)**		**(1,913.76)**	**(781.59)**
IV	Tax expense:			
	Current Tax		-	(0.13)
V	**Profit (Loss) for the Year (III - IV)**		**(1,913.76)**	**(781.46)**
VI	Other Comprehensive Income (OCI)			
	Items that will be reclassified to profit or loss in subsequent period		-	-
	Items that will not be reclassified to profit or loss in subsequent period		-	-
VII	**Other comprehensive income for the year, net of tax**		**(1,913.76)**	**(781.46)**
	Less: Share of Profit/(Loss) Transferred to Minority		(53.13)	(28.45)
VIII	**Other comprehensive income for the year, net of tax after minority interest**		(1,860.63)	(753.01)
	Earnings per equity share for continuing operations	27		
	(1) Basic, computed on the basis of profit from continuing operations		(7.44)	(3.77)
	(2) Diluted, computed on the basis of profit from continuing operations		(7.44)	(3.77)

Significant Accounting Policies 1 & 2

The accompanying Notes 1 to 43 form an integral part of these financial statements

FOR O P BAGLA & CO.,
CHARTERED ACCOUNTANTS
FRN : 000018N

PARTNER

Place: New Delhi
Date: 15.5.17

For and on behalf of the board

Director

Director

Company Secretary

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited - Consolidated

Cash Flow Statement for the year ended 31 March 2017

(Amunt in Rupees Lakhs, unless otherwise stated)

	Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before tax		(1,913.76)		(781.59)
	Adjusted for :				
	Depreciation	435.12		323.52	
	Interest income	(5.62)		(89.69)	
	Interest cost	854.07		744.44	
	Loss on sale of Fixed Assets	1.13	**1,284.71**	-	**978.28**
	Operating Profit before Working Capital Changes		**(629.06)**		**196.68**
	Adjusted for :				
	Trade & Other Receivables	(1,270.15)		(3,037.82)	
	Inventories	1,511.29		(3,382.00)	
	Trade Payable	92.96		711.13	
	Other financial liabilities	34.56		363.67	
	Other current liabilities	77.17		71.93	
	Provisions	33.73		15.18	
			479.56		**(5,257.91)**
	Cash Generated from Operations		**(149.50)**		**(5,061.22)**
	Direct Taxes Paid	(47.47)		(53.19)	
	Net Cash from operating activities		(196.97)		(5,114.41)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	(457.95)		(4,352.94)	
	Proceeds from sale of Fixed Assets	4.61		0.00	
	Purchase of Intangible Assets	-		(26.95)	
	Capital work in progress	(65.60)		2,710.21	
	Intangibles under development	-		13.55	
	Investment	(0.00)		(317.52)	
	Interest Received	213.25		87.29	
	Other Bank Balance	(2.48)		(4.34)	
	Capital creditors	(36.52)		(346.36)	
	Net Cash used in Investing Activities		(344.69)		(2,237.06)

O.P. BAGLA & CO.
New Delhi
Chartered Accountants

Kajaria Bathware Private Limited - Consolidated

Cash Flow Statement for the year ended 31 March 2017

(Amunt in Rupees Lakhs, unless otherwise stated)

C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Issue of Share Capital / Application money	-		1,000.00	
	Proceeds from Issue of Share Capital - Securities Premium	-		1,500.00	
	Proceeds/ (Repayment) of Long Term Borrowings (Net)	1,611.53		5,605.90	
	Interest Paid	(1,059.99)		(744.70)	
	Net Cash used in Financing Activities		551.53		7,361.20
	Net increase in Cash and Cash Equivalents		9.89		9.71
	Cash and Cash Equivalents as on 1.4.2016		83.44		73.72
	Cash and Cash Equivalents as on 31.3.2017		**93.34**		**83.43**

Note to cash flow statement

1	Components of cash and cash equivalents		
	Balances with banks		
	- Current accounts	88.08	76.61
	- Deposit accounts (demand deposits and deposits having original maturity of 3 months or less)		
	Cash on hand	5.26	6.83
	Other bank balance (earmarked balance with bank)		
	Cash and cash equivalents considered in the cash flow statement	**93.34**	**83.43**

2

The above cash flow statement has been prepared in accordance with the 'Indirect method' as set out in Indian Accounting Standard - 7 on 'Statement of Cash Flows' as specified in (Indian Accounting Standard) Amendment Rules, 2016

The note referred to above forms an integral part of the financial statements

The accompanying Notes 1 to 43 form an integral part of these financial statements

FOR O P BAGLA & CO.,
CHARTERED ACCOUNTANTS
FRN : 000018N

PARTNER

Place: New Delhi
Date: 15.5.17

For and on behalf of the board

Director

Director

Company Secretary

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited - Consolidated
Statement of Changes in Equity for the year ended 31 March 2017

(Amunt in Rupees Lakhs, unless otherwise stated)

a **Equity share capital**

	31 March 2017	31 March 2016
Issued, subscribed and paid up capital (Refer note 11)		
Opening balance	2,500.00	1,500.00
Changes	-	1,000.00
Closing balance	2,500.00	2,500.00

b **Other equity**

Particulars	Reserves and Surplus		Items of OCI	Total equity
	Share premium (Refer Note 12)	Retained earnings		
As at 1 April 2015	-	(13.28)	-	(13.28)
Additions	1,500.00	(753.01)	-	746.99
Net income / (loss) for the year	-		-	-
Other comprehensive income	-		-	-
Total comprehensive income	1,500.00		-	**746.99**
At 31 March 2016	1,500.00	(766.29)	-	733.71
Net income / (loss) for the year	-	(1,860.63)	-	(1,860.63)
Other comprehensive income (Note XX)	-	-	-	-
Total comprehensive income	-	-	-	(1,860.63)
At 31 March 2017	1,500.00	(2,626.93)	-	(1,126.93)

The accompanying Notes 1 to 43 form an integral part of these financial statements

FOR O P BAGLA & CO.,
CHARTERED ACCOUNTANTS
FRN : 000018N

PARTNER

Place: New Delhi
Date: 15.5.17

For and on behalf of the board

Director Director

Company Secretary

O.P. BAGLA & CO. CA New Delhi Chartered Accountants

Accounting Policies under Ind AS
Consolidated financial statements of Kajaria Bathware Private Limited for the year ended 31-March-2017

1. Corporate information

KAJARIA BATHWARE PRIVATE LIMITD ("KBPL" or "the Company") is a private limited Company domiciled in India and was incorporated on 22nd May 2013. The company is subsidiary company of Kajaria Ceramics Ltd. and has a subsidiary Kajaria Sanitaryware Private Limited. The registered office of the Company is located at J-1/B-1 Extension, Mohan Coop Ind Estate, Mathura Road, New Delhi.

The Company is engaged in manufacturing of Bathware fittings and it also trades in Sanitaryware items. The Company started its operations in the year 2015 with a manufacturing capacity of 10 lakhs pieces per annum of Bathware fittings at Gailpur (Rajasthan) and it also has trading division at Morbi (Gujarat).

The Company, through its subsidiary Kajaria Sanitaryware Private Limited, has also forayed into manufacturing sanitaryware items with a capacity of 5.40 lakhs pieces per annum at Morbi (Gujarat).

The financial statements of the company for the year ended 31st March 2017 were authorized for issue in accordance with a resolution of the directors on 15th May, 2017.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP including accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first being prepared in accordance with Ind AS.

The financial statements have been prepared on a historical cost basis, except for the certain assets and liabilities which have been measured at different basis and such basis has been disclosed in relevant accounting policy.
The financial statements are presented in INR and all values are rounded to the nearest Rupees lacs, except when otherwise indicated.

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the

O.P. BAGLA & CO. New Delhi Chartered Accountants

other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 *Income Taxes* applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

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2.3 Significant accounting policies

a. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

► Assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 19 *Employee Benefits*.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 *Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset/liability is treated as current when it is:

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

c. Property, plant and equipment

i) Tangible assets

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost net of accumulated depreciation as at 31 March 2015. The Company has elected to regard those values of property as deemed cost at the date of the transition to Ind AS, i.e., 1 April 2015.

Property, plant and equipment are stated at cost [i.e., cost of acquisition or construction inclusive of freight, erection and commissioning charges, non-refundable duties and taxes, expenditure during construction period, borrowing costs (in case of a qualifying asset) upto the date of acquisition/ installation], net of accumulated depreciation.

When significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Whenever major inspection/overhaul/repair is performed, its cost is recognized in the carrying amount of respective assets as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipments are eliminated from financial statements, either on disposal or when retired from active use. Losses/gains arising in case retirement/disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

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Depreciation on property, plant and equipments are provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except on some assets, where useful life has been taken based on external / internal technical evaluation as given below:

Particulars	Useful lives
Plant and Machinery	7.5 years

The residual values, useful lives and methods of depreciation/amortization of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

ii) Capital work in progress

Capital work in progress includes construction stores including material in transit/ equipment / services, etc. received at site for use in the projects.

All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets.

d. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization.

Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period.

Costs relating to computer software are capitalised and amortised on straight line method over their estimated useful economic life of six years.

e. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

f. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

g. Inventories

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, wherever considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw material, stores and spares, packing materials, trading and other products are determined on weighted average basis.

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h. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from operations includes sale of goods, services and excise duty, adjusted for discounts (net).

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

i. Foreign currency transactions

The Company's financial statements are presented in INR, which is also its functional currency.

Foreign currency transactions are initially recorded in functional currency using the exchange rates at the date the transaction.

At each balance sheet date, foreign currency monetary items are reported using the exchange rate prevailing at the year end.

Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

j. Taxes on income

Current tax

Current tax is measured at the amount expected to be paid/ recovered to/from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity/other comprehensive income is recognised under the respective head and not in the statement of profit & loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognized directly in equity/other comprehensive income is recognized in respective head and not in the statement of profit & loss.

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The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k. Employee benefits

All employee benefits that are expected to be settled wholly within twelve months after the end of period in which the employee renders the related services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, etc. are recognized as expense during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contribution.

The Company's contribution to the Provident Fund is remitted to provident fund authorities and are based on a fixed percentage of the eligible employee's salary and debited to Statement of Profit and Loss.

l. Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

m. Earnings per share

Basic earnings per equity share is computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

n. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

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o. Fair value measurement

The Company measures financial instruments at fair value and investments at cost at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

p. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows

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that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Investment in subsidiaries, joint ventures and associates

The company has accounted for its investment in subsidiaries, joint ventures and associates at cost.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

(b) Financial liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss.

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

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Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

- **Offsetting of financial instruments**

  Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

q. Unless specifically stated to be otherwise, these policies are consistently followed.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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(a) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

(b) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2.4 Standards Issued but not yet Effective

Ind - AS 115 "Revenue from Contract with Customers

Ind AS 115 was issued in February, 2015. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This standard will come into force from accounting period commencing on or after 1st April, 2018. The company will adopt the new standard on the required effective date. The Company is in the process of making an assessment of the impact of Ind - AS 115 upon initial application, which is subject to changes arising from a more detailed ongoing analysis.

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Amendments to Ind AS 7 "Statement of cash flows"

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

This amendment is effective for accounting period commencing on or after 1st April, 2017. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

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Kajaria Bathware Pvt Ltd - Consolidated
Balance Sheet as at 31 March, 2017
(Amount in Rupees Lakhs, unless otherwise stated)

Note 3 :Property, plant and equipment

	Freehold land	Building - Others	Building - Factory	Plant and machinery	Plant and machinery - imported	Furniture & fixtures	Vehicles	Elec & Cabling	Electric & Office equipments	Computers	Tools	Water distribution system	Lab equipments	Fire fighting equipment	Sales outlet	Total
Cost																
At 1 April 2015	361.41	1,187.54	-	1,364.04	-	15.78	16.98	17.58	2.11	12.48	-	-	-	-	-	2,977.92
Additions	-	79.56	1,376.07	1,550.31	963.09	28.05	34.64	64.89	33.41	9.25	49.96	75.45	2.31	31.27	59.46	4,357.73
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As 31 March 2016	361.41	1,267.10	1,376.07	2,914.35	963.09	43.83	51.62	82.47	35.52	21.74	49.96	75.45	2.31	31.27	59.46	**7,335.65**
Additions	177.18	16.02	-	126.42	-	2.33	18.66	2.08	0.64	1.63	-	-	0.12	-	112.86	457.95
Disposal	-	-	-	5.74	-	-	-	-	-	-	-	-	-	-	-	5.74
As 31 March 2017	538.59	1,283.12	1,376.07	3,030.24	963.09	46.16	70.28	84.54	36.16	23.37	49.96	75.45	2.43	31.27	172.32	7,787.86
Depreciation and impairment																
At 1 April 2015	-	33.25	-	91.22	-	1.32	2.84	1.32	0.18	1.99	-	-	-	-	-	**132.12**
Additions	-	37.13	31.55	180.45	38.07	3.17	4.17	4.62	2.61	5.82	2.24	5.07	0.06	1.40	2.91	319.26
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As 31 March 2016	-	70.38	31.55	271.46	38.07	4.49	7.01	5.94	2.79	7.81	2.24	5.07	0.06	1.40	2.91	451.38
Additions	0.00	39.44	45.88	219.39	61.02	7.51	7.61	9.51	4.54	7.02	3.16	7.17	0.25	1.98	14.88	429.35
Disposal	-	-	-	0.77	-	-	-	-	-	-	-	-	-	-	-	0.77
As 31 March 2017	-	109.82	77.44	489.77	99.09	11.99	14.62	15.45	7.33	14.83	5.40	12.24	0.31	3.38	17.78	879.96
Net book value																
31 March 2017	538.59	1,173.30	1,298.63	2,540.47	864.00	34.17	55.67	69.09	28.83	8.54	44.56	63.21	2.13	27.89	154.54	6,907.90
31 March 2016	361.41	1,196.72	1,344.52	2,642.68	925.03	39.35	44.61	76.52	32.73	13.93	47.73	70.38	2.25	29.87	56.56	6,884.27
01 April 2015	361.41	1,154.29	-	1,272.83	-	14.46	14.14	16.25	1.93	10.50	-	-	-	-	-	2,845.80

Capital work in progress

	As at 01-04-2015	Additions/ Adjustments	Capitalized	As at 31-Mar-2016	Additions/ Adjustments	Capitalized	As at 31-Mar-2017
Site Development	38.27	-	38.27	-	-	-	-
Buildings	995.62	194.75	1,172.57	17.81 -	11.23	5.03	1.54
Boundary Wall	64.33	-	64.33	-	-	-	-
Plant ,Equipments & Other Assets	1,545.77	887.71	2,341.12	92.35	98.46	16.60	174.22
Sales Outlet	-	59.46	59.46	-	-	-	-
	2,643.99	1,141.92	3,675.75	110.16	87.23	21.63	175.76
Expensiture pending allocation (Expenditure during construction period (net))	176.38	432.07	608.45	-	-	-	-
	2,820.37	1,573.99	4,284.20	110.16	87.23	21.63	175.76

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Kajaria Bathware Private Limited - Consolidated
Notes to financial statement for the year ended 31 March 2017
(Amount in Rupees Lakhs, unless otherwise stated)

Note 4 : Intangible assets

Cost	Computer Softwares	Total
At 1 April 2015	5.88	5.88
Additions	26.95	26.95
Disposal	-	-
Exchange differences	-	-
As 31 March 2016	32.83	32.83
Additions	-	-
Disposal	-	-
Exchange differences	-	-
As 31 March 2017	32.83	32.83
	-	-
Amortisation and impairment	-	-
At 1 April 2015	0.22	0.22
Additions	4.47	4.47
Disposal	-	-
Exchange differences	-	-
As 31 March 2016	4.69	4.69
Additions	6.07	6.07
Disposal	-	-
Exchange differences	-	-
As 31 March 2017	10.77	10.77
	-	-
Net book value	-	-
31 March 2017	22.06	22.06
31 March 2016	28.14	28.14
01 April 2015	5.66	5.66

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Intangibles under development

	As at 01-04-2015	Additions/ Adjustments	Capitalized	As at 31-Mar-2016	Additions/ Adjustments	Capitalized	As at 31-Mar-2017
Software under development	13.55	13.00	26.55	-	-	-	-
	13.55	13.00	26.55	-	-	-	-

(Amount in Rupees Lakhs, unless otherwise stated)

Note 5 : Financial Assets	Non Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Loans at amortised cost						
Security deposits						
Considered good (Unsecured)	29.80	28.66	11.87	-	-	-
Loan to related party*						
Considered good (Unsecured)	-	-	-	-	-	-
Staff loans						
Considered good (Unsecured)	-	-	-	29.01	15.60	1.51
Total loans at amortised cost	**29.80**	**28.66**	**11.87**	**29.01**	**15.60**	**1.51**
Other Financial Assets						
Interest Accrued on Term Deposit	-	-	-	-	0.55	2.72
	-	-	-	-	0.55	2.72

*Represent loan given to subsidiary company M/s Kajaria Sanitaryware Private Limited

Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

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(Amount in Rupees Lakhs, unless otherwise stated)

	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
6 Other Assets						
Capital advances (Unsecured)	-	-	94.07	-	-	-
Advance - Considered good	-	-	-	-	-	-
Other Current Assets	-	-	-	92.56	87.08	11.15
Prepaid expenses	-	-	-	19.55	18.65	1.93
TDS Receivable / Balance with Revenue Authorities	101.10	53.38	0.24	228.41	477.95	328.16
	101.10	**53.38**	**94.31**	**340.51**	**583.67**	**341.24**

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Kajaria Bathware Private Limited - Consolidated
Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees Lakhs, unless otherwise stated)

7 Inventories

(As taken Valued and Certified by Management)	31 March 2017	31 March 2016	01 April 2015
a) Raw Materials	347.28	462.38	173.68
b) Work-in-Process	969.29	1,352.78	55.71
c) Finished Goods - Faucet items	901.23	1,204.95	-
d) Finished Goods - Sanitaryware Items	81.08	136.11	736.06
e) Stock In Trade - Faucet items	520.89	330.56	-
f) Stock In Trade - Sanitaryware items	123.45	949.36	143.87
g) Stores and Spares	68.22	86.56	31.40
	3,011.43	4,522.72	1,140.71

Inventory items have been valued considering the Significant Accounting Policy No. 2.3 (g) disclosed in Note no. 2 to these financial statements.

8 Trade receivables

(Unsecured, considered good, unless otherwise stated)	31 March 2017	31 March 2016	01 April 2015
Trade receivables	2,604.93	1,847.69	607.77
	2,604.93	1,847.69	607.77

No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other recievables are due from the firms or private companies respectively in which any director is a partner or a member.

Trade receivables are non interest bearing and are generally on credit terms of 30 days.

9 Cash and cash equivalent

Particulars	31 March 2017	31 March 2016	01 April 2015
a) Balance with banks	88.08	76.61	55.53
b) Cash on hand	5.26	6.83	18.20
	93.34	83.43	73.72

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(Amount in Rupees Lakhs, unless otherwise stated)

10 Other bank balances

Particulars	31 March 2017	31 March 2016	01 April 2015
a) Deposit with original maturity of more than 3 months	31.82	29.34	25.00
	31.82	29.34	25.00

For the purpose of statement of cash flows, cash and cash equivalents comprises the following :

	31 March 2017	31 March 2016	1 April 2015
Balance with banks :			
On current accounts	88.08	76.61	55.53
Cash on hand	5.26	6.83	18.20
Total			
	5.26	6.83	18.20

Specified Bank Notes (SBN) disclosure

Disclosure related to details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	8.00	17.58	25.58
(+) Withdrawal from Bank accounts		-	-
(+) Permitted receipts	-	7.01	7.01
(-) Permitted payments		(12.07)	(12.07)
(-) Amount deposited in Banks	(8.00)		(8.00)
Closing cash in hand as on 30.12.2016	-	**12.53**	**12.53**

Breakup of Financial Assets carried at amortised cost	31 March 2017	31 March 2016	01 April 2015
Security Deposits	29.80	28.66	11.87
Loans to employees	29.01	15.60	1.51
Trade Receivables	2,604.93	1,847.69	607.77
Cash and cash Equivalent	93.34	83.43	73.72
Other bank balances	31.82	29.34	25.00
TOTAL	2,788.90	2,004.72	719.88

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(Amount in Rupees Lakhs, unless otherwise stated)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
11 Share capital			
a) Authorised Share Capital			
Equity share capital			
2,50,00,000 shares of par value of Rs.10/- each (2,50,00,000 shares of par value of Rs.10/- each as on 31-03-16 and 1,50,00,000 shares of par value of Rs.10/- each as on 31-03-15.)	2,500.00	1,500.00	1,500.00
Increase / (decrease) during the year		1,000.00	
Total	**2,500.00**	**2,500.00**	**1,500.00**
b) Issued, subscribed and paid up capital			
Equity share capital			
2,50,00,000 shares of par value of Rs.10/- each (2,50,00,000 shares of par value of Rs.10/- each as on 31-03-16 and 1,50,00,000 shares of par value of Rs.10/- each as on 31-03-15.)	2,500.00	1,500.00	1,500.00
Changes in Equity share capital during the year	-	1,000.00	-
	2,500.00	**2,500.00**	**1,500.00**

c) During the year, the company has not issued or bought back any share. Following is the reconciliation of number of shares outstanding as at the beginning of the year and end of the year.

d) **Reconciliation of number of shares outstanding and the amount of share capital**
Equity share capital

Particulars			
Shares outstanding at the beginning of the year	25,000,000	15,000,000	15,000,000
Shares issued during the year	-	10,000,000	-
Shares outstanding at the end of the year	25,000,000	25,000,000	15,000,000

Particulars			
Shares outstanding at the beginning of the year	250,000,000	150,000,000	150,000,000
Shares issued during the year	-	100,000,000	-
Shares outstanding at the end of the year	250,000,000	250,000,000	150,000,000

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e) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of Issued, subscribed and paid up equity shares having a par value of INR 10/- each per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

f) Kajaria Ceramics Ltd is the holding company of the company and. Shares held by such holding company are mentioned in (g) hereunder. The company has a subsidiary Kajaria Sanitaryware Private Limited.
Out of the equity shares issued by the company , shares held by its holding company ultimate holding company and their subsidiaries / associates are as below:

Particulars	31 March, 2017		31 March, 2016		1 April, 2015	
	Number of shares held	**% of holding**	**Number of shares held**	**% of holding**	**Number of shares held**	**% of holding**
Equity shares of INR each fully paid up						
Kajaria Ceramics Limited*	25,000,000	100%	25,000,000	100%	15,000,000	100%

g) Details of the Shareholders holding more than 5% share in the Company

Particulars	31 March, 2017		31 March, 2016		1 April, 2015	
	Number of shares held	**% of holding**	**Number of shares held**	**% of holding**	**Number of shares held**	**% of holding**
Equity shares of INR 10 each fully paid up						
Kajaria Ceramics Limited*	25,000,000	100%	25,000,000	100%	15,000,000	0%

* including 100 shares held by Kajaria Ceramics Limited jointly with Mr. Ashok Kajaria, Director of the Company.

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(Amount in Rupees Lakhs, unless otherwise stated)

12 Other Equity

Particulars	Amount
1) Reserves and Surplus	
a) Security premium reserve	
At 01 April 2015	-
Changes during the period	1,500.00
At 31 March 2016	1,500.00
Changes during the period	-
Closing balance	**1,500.00**
b) Retained earnings	
At 01 April 2015	(13.28)
Profit/(loss) during the period	(753.01)
At 31 March 2016	(766.29)
Profit/(loss) during the period	(1,860.63)
Closing balance	**(2,626.93)**
Total other equity at	
As at 31 March 2017	(1,126.93)
As at 31 March 2016	733.71
As at 01 April 2015	(13.28)

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(Amount in Rupees Lakhs, unless otherwise stated)

Financial Liabilities	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
13 Borrowings						
Rupee term loans (secured)						
From banks	2,220.55	3,209.35	1,430.55	-	-	-
Vehicle Loan	-	-	0.97	-	-	-
Buyers Credit Facility -Secured From Bank	-	-	-	302.05	-	-
Cash Credit Facility- Secured From Bank	-	-	-	347.90	1,487.52	515.95
Unsecured loan from related parties	6,218.36	4,023.76	2,437.49	-	-	419.30
Total borrowings	**8,438.92**	7,233.12	3,869.02	**649.95**	**1,487.52**	**935.24**

TERM LOAN OF Rs 1600 LAKHS

Secured against exclusive charge on immovable and movable assets of the company, both present & future.Present Rate of Interest is 9.65% p.a. The loan is repayable in 14 quarterly installments of Rs 150 lacs each and 2 quarterly installments of Rs. 200 lacs each w.e.f. December 2016 till August 2020.

Above loan is further secured by gaurantee of Holding Company M/s, Kajaria Ceramics Limited

TERM LOAN OF Rs 620.55 LAKHS

Secured against Hypothecation of entire raw materials, stock in processs, stores & spares, packing materials, finished goods and book debts of the company, both present & future. Rate of Interest is 1.75% above the MCLR. Present rate is 11.50% p.a. The loan is repayable in 53 monthly installments of Rs 32.40 Lakhs each and 54th installmwnt of Rs. 32.80 Lakhs w.e.f. July 2015 till Feb 2020

Above loan is further secured by Equitable mortgage of Factory Land and building situated at Village Shapar, Morvi and Equitable mortgage of Residential house situated at Village Jodhapar, Morvi belonging to a promoter of the company.

Above loan is further secured by gaurantee of Ultimate Holding Company, Directors and Shareholers of the Company.

VEHICLE LOAN

Secured against Hypothecation of respective vehcile/equipment. The loan is repayable in 36 monthly installments. The loan are availed at interest @ 14% pa.

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(Amount in Rupees Lakhs, unless otherwise stated)

BUYERS CREDIT

Secured against Hypothecation of entire raw materials, stock in processs, stores & spares, packing materials, finished goods and book debts of the company, both present & future. Present Rate of Interest is 11.40% p.a.

WORKING CAPITAL FACILITY OF Rs. 223.25 LAKHS

Secured against 1st charge on Inventories and Book debts of the company, both present & future. Present rate is 9.30% p.a. The loan is repayable on demand.
Above loan is further secured by gaurantee of Holding Company M/s Kajaria Ceramics Limited

WORKING CAPITAL FACILITY OF Rs 124.65 LAKHS AS ON 31.03-17

Secured against Hypothecation of entire raw materials, stock in processs, stores & spares, packing materials, finished goods and book debts of the company, both present & future. Present rate is 11.40% p.a. The loan is repayable on demand.

Above Working Capital facility is further secured by Equitable mortgage of Factory Land and building situated at Village Shapar, Morvi and Equitable mortgage of Residential house situated at Village Jodhapar, Morvi belonging to a promoter of the company.

Above working capital facility is further secured by gaurantee of Ultimate Holding Company, Directors and Shareholers of the Company.

Represent amount borrowed, repayable on demand, from
** M/s Kajaria Ceramics Ltd - Holding Company. Bearing interest @ 9% p.a.

Unsecured loan from related parties are of following terms:

Particulars	Rate of interest	Rs in lacs
M/S Kajaria Ceramics Limited	9%	6,218.36

Particulars	Rate of interest	Rs in lacs
HDFC Bank	9.30%	279.03

There is no continuing default on the balance sheet date in repayment of loan and interest

	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
14 Provisions						
Provision for employee benefits						
Gratuity	10.51	-	-	0.07	-	-
Accumulated leaves	25.63	-	-	15.96	18.45	3.26
	36.14	-	-	16.04	18.45	3.26

(Refer note 37 for Ind AS 19 disclosures)

Kajaria Bathware Private Limited - Consolidated
Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees Lakhs, unless otherwise stated)

	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
15 Trade Payables						
Sundry Creditors:						
Dues of Micro and Small Enterprises	-	-	-	-	-	-
Dues to others	-	-	-	1,050.43	754.22	368.64
	-	**-**	**-**	**1,050.43**	**754.22**	**368.64**
16 Other Financial liabilities						
Current maturities of long term debts	-	-	-	988.80	689.79	293.38
Amount payable to capital creditors	-	-	-	9.11	45.62	391.98
Deposit Received	-	-	-	222.81	142.61	8.00
Retention money	-	-	-	-	18.14	18.14
Interest Accrued But Not Due	-	-	-	1.85	0.44	0.70
Outstanding Liabilities	-	-		210.99	-	-
Others	-	-	-	-	238.48	9.43
	-	**-**	**-**	**1,433.55**	**1,135.08**	**721.63**

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(Amount in Rupees Lakhs, unless otherwise stated)

		31 March 2017	Current 31 March 2016	01 April 2015
17	**Other liabilities**			
	Advance from Customers	112.60	34.76	31.73
	Statutory Dues Payable	188.23	188.90	120.01
		300.83	223.66	151.74
18	**Current Tax Liability (Net)**			
	Provision for :			
	Income Taxes	-	-	0.17
		-	-	0.17

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(Amount in Rupees Lakhs, unless otherwise stated)

Particulars	31 March 2017	31 March 2016
19 Revenue from operations		
Sales		
Manufacturing- Faucet Items	6172.69	1081.26
Manufacturing- Sanitaryware Items	4326.17	2685.11
Trading- Faucet Items	0.00	884.63
Trading- Sanitaryware Items	1427.83	2561.59
Total sale of products	**11,926.69**	**7,212.60**
Other operating revenue		
Scrap sales	80.76	86.70
Sundry Balances Written Back	3.57	0.00
Total	**12,011.02**	**7,299.30**

Sale of goods includes excise duty collected from customers of Rs. 904.98 lacs (31 March 2016: Rs. 539.96 lacs).

20 Other Income

Particulars	31 March 2017	31 March 2016
Rent Received	0.00	3.00
Interest income	4.69	2.46
Net foreign exchange gain	20.94	15.73
	25.63	21.20

21 Cost of materials consumed

Particulars	31 March 2017	31 March 2016
Raw Material & Packing Material Consumed	1746.08	1701.49
Cost of material consumed	1,746.08	1,701.49

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

Particulars	31 March 2017	31 March 2016
Closing stock		
Faucet Items - Manufactured	901.23	1412.06
Faucet Items - Trading	177.13	330.56
Sanitaryware Items - Manufactured	81.08	136.11
Sanitaryware Items - Trading	467.21	949.36
Work in Progress	969.28	1145.67
	2,595.93	3,973.77
Opening Stock		
Faucet Items - FG	1204.95	0.00
Faucet Items - Trading	330.56	0.00
Sanitaryware Items - Manufactured	136.11	736.06
Sanitaryware Items - Trading	949.36	143.87
Work in Progress	1352.79	55.71
	3,973.77	935.64
Faucet Items - Received from Trial Run Production	-	292.58
Net (Increase)/decrease in inventory	1,377.84	(2,745.56)

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23 Employee benefit expense

Particulars	31 March 2017	31 March 2016
Salary, wages, bonus and allowance including management charges	2451.55	2251.93
Contribution to provident fund and other funds	75.37	34.31
Staff Welfare expenses	47.53	51.74
Less: Recovery of expenses	-	(440.61)
	2,574.45	1,897.37

24 Finance Cost

Particulars	31 March 2017	31 March 2016
Interest on borrowings	474.30	406.06
Others	379.77	251.61
	854.07	657.67

25 Depreciation and amortization expense

Particulars	31 March 2017	31 March 2016
Depreciation of property, plant and equipment (Refer to note 3)	429.35	319.26
Amortisation of intangible assets (Refer to note 4)	6.07	4.47
	435.43	323.73

26 Other expenses

Particulars	31 March 2017	31 March 2016
Power & Fuel	691.38	654.13
Stores Consumed	331.08	326.80
Excise Duty Variance on Inventory	(39.86)	69.28
Repair & Maintenance		
-Buildings	8.86	10.22
-Machinery	9.45	11.07
-Other	6.18	9.16
Auditor's Remuneration		
-As Audit Fee	11.19	6.00
-For Other matters	2.53	2.51
Legal & Professional Expenses	15.26	5.86
Communication Expense	64.15	24.91
Rent Paid	26.01	30.11
Advertisement & Sales Promotion Expenses	634.13	354.21
Freight, Handling & Distribution Expenses	867.40	472.33
Rates & Taxes	15.14	10.02
Filing Expenses	0.00	10.12
Printing & Stationary	13.97	9.46
Insurance Exp	29.93	7.13
Travelling & Conveyance Expense	434.49	259.93
Security Charges	32.38	20.16
Vehicle Running & Maintenance Expenses	14.66	8.27
Loss on sale of Fixed Assets	1.13	0.00
Miscellaneous Expenses	30.29	15.74
	3,199.74	2,317.41

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27 Earning per share

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	**31 March 2017**	**31 March 2016**
Net Profit attributable to equity holders for basic earnings and diluted EPS	(1,860.63)	(753.01)
Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted) *	25,000,000	20,000,000
Basic and diluted profit per equity share (Rs.)	(7.44)	(3.77)

* There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

Face Value per Equity Share	10	10

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Note - 28

Defined Contribution Plans - General Description

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund. The Company's contribution to the provident fund is Rs. 66.87 lakhs (31 March 2016 Rs. 42.08 lakhs)

Defined Benefit Plans - General Description

Gratuity:

The Company has a defined benefit gratuity plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement / termination / resignation. The benefit vests on the employee completing 5 years of service. The Company makes provision of such gratuity asset/liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

Changes in the present value of the defined benefit obligation are, as follows:

	31 March 2017	31 March 2016	31 March 2015
Defined benefit obligation at the beginning of the year	-	-	-
Current service cost	10.58	-	-
Interest cost	-	-	-
Benefits paid	-	-	-
Actuarial (gain)/ loss on obligations - OCI	-	-	-
Defined benefit obligation at the end of the year	**10.58**	**-**	**-**

Changes in the fair value of plan assets are, as follows:

	31 March 2017	31 March 2016	1 April 2015
Fair value of plan assets at the beginning of the year	-	-	-
Contribution by employer	-	-	-
Return on plan assets	-	-	-
Benefits paid	-	-	-
Expected Interest Income on plan assets	-	-	-
Acturial gain/(loss) on plan asset	-	-	-
Fair value of plan assets at the end of the year	**-**	**-**	**-**

Reconciliation of fair value of plan assets and defined benefit obligation:

	31 March 2017	31 March 2016	1 April 2015
Fair value of plan assets	-	-	-
Defined benefit obligation	10.58	-	-
Amount recognised in the Balance Sheet	**10.58**	**-**	**-**

Amount recognised in Statement of Profit and Loss:

	31 March 2017	31 March 2016
Current service cost	10.58	-
Net interest expense	-	-
Amount recognised in Statement of Profit and Loss	**10.58**	**-**

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Amount recognised in Other Comprehensive Income:

	31 March 2017	31 March 2016
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	-
Experience adjustments	-	-
Amount recognised in Other Comprehensive Income	-	-

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	31 March 2017	31 March 2016	1 April 2015
Discount rate	7.50%	-	-
Future salary increases	5.00%	-	-
Attrition Rate	30.00%	-	-
Retirerment age	60 years	-	-

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:

Gratuity Plan	Sensitivity level		Impact on DBO	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Assumptions				
Discount rate	+1%	-	(0.30)	-
	-1%	-	0.32	-
Future salary increases	+1%	-	0.32	-
	-1%	-	(0.31)	-
Withdrawal rate	+1%	-	(0.45)	-
	-1%	-	0.46	-

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.
Sensitivities due to mortality and withdrawals are insiginificant and hence ignored.
Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

The following payments are expected contributions to the defined benefit plan in future years (In absolute terms i.e. undiscounted):

	31 March 2017	31 March 2016
01 Apr 2017 to 31 Mar 2018	-	-
01 Apr 2018 to 31 Mar 2019	-	-
01 Apr 2019 to 31 Mar 2020	2.93	-
01 Apr 2020 to 31 Mar 2021	9.96	-
01 Apr 2021 to 31 Mar 2022	10.75	-
01 Apr 2022 Onwards	12.28	-
Total expected payments	**35.92**	-

The average duration of the defined benefit plan obligation at the end of the reporting period is 24 years (31 March 2016: NA).

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(Amount in Rupees Lakhs, unless otherwise stated)

29. Dues to Micro and Small Enterprises

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development Act,

Particulars	31-Mar-17	31-Mar-16	1-Apr-15
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
Principal amount due to micro and small enterprises	-	-	-
Interest due on above	-	-	-
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-	-

#The details of amounts outstanding to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 are as per available information with the Company.

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30 . Segment Reporting

The business activity of the company falls within one broad business segment viz. "Sanitaryware and bathware fittings" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in Ind AS 108 Hence the disclosure requirement of Indian Accounting Standard 108 of "Segment Reporting" issued by the Institute of Chartered Accountants of India is not considered applicable.

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(Amount in Rupees lacs, unless otherwise stated)

31 Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Kajaria Ceramics Limited	Holding Company
Mr. Ashok Kajaria	Key Managerial Person (Director)
Mr. Chetan Kajaria	Key Managerial Person (Director)
Mr. Rishi Kajaria	Key Managerial Person (Director)
Mr. Rajveer Chaudhary	Key Managerial Person (Additional Director)
Mr. Ajay Maganbhai Marvania	Key Managerial Person (Director - Kajaria Sanitaryware private Limited)

A Holding Company

Transactions during the period/ year:

	31-Mar-17	31-Mar-16
Mr. Ajay Maganbhai Marvania - Director		
Remuneration Paid (short term employee benefits)	30.00	24.13
Equity contribution received (including Securities premium)	-	2,500.00
Amount borrowed (Net)	1882.00	878.91
Sale of goods (Net)	0.09	3.41
Rent received	-	3.00
Rent Paid	12.00	14.00
Interest paid	347.33	320.07
Reimbursement of Expenses	41.64	364.53

Closing Balances -

	31-Mar-17	31-Mar-16	01-Apr-15
Holding Company - Credit balance	6,218.36	4,023.76	2,856.79

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: Rs. Nil, 1 April 2015: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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(Amount in Rupees lacs, unless otherwise stated)

32. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments.

	Carrying value			Fair value		
	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Financial assets						
Security Deposits	29.80	28.66	11.87	29.80	28.66	11.87
Loans to employees	29.01	15.60	1.51	29.01	15.60	1.51
Trade Receivables	2,604.93	1,847.69	607.77	2,604.93	1,847.69	607.77
Cash and cash Equivalent	93.34	83.43	73.72	93.34	83.43	73.72
Other bank balances	31.82	29.34	25.00	31.82	29.34	25.00
Total	**2,788.90**	**2,004.72**	**719.88**	**2,788.90**	**2,004.72**	**719.88**
Financial liabilities						
Financial liabilities measured at amortised cost						
Long term borrowings	8,438.92	7,233.12	3,869.02	8,438.92	7,233.12	3,869.02
Short term borrowings	649.95	1,487.52	935.24	649.95	1,487.52	935.24
Current maturities of long term debt	988.80	689.79	293.38	988.80	689.79	293.38
Trade payables	1,050.43	754.22	368.64	1,050.43	754.22	368.64
Interest bearing deposits from customers	222.81	142.61	8.00	222.81	142.61	8.00
Creditors for capital expenditures	9.11	45.62	391.98	9.11	45.62	391.98
Retention money	-	18.14	18.14	-	18.14	18.14
Interest Accrued But Not Due	1.85	0.44	0.70	1.85	0.44	0.70
Outstanding Liablities	210.99	-	-	210.99	-	-
Other payables	-	238.48	9.43	-	238.48	9.43
Total	**11,572.85**	**10,609.95**	**5,894.52**	**11,572.85**	**10,609.95**	**5,894.52**

The management assessed that fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company determines fair values of fianncial assets or liabilities by discounting the contractual cash inflows / outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. Further, the subsequent measurements of all assets and liabilities is at amortised cost, using effective interest rate method.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the Company's interest bearings borrowings are determined using discount rate that reflects the entity's discount rate at the end of the reporting period. The own non-performance risk as at the reporting period is assessed to be insignificant.

- The fair value of unquoted instruments and other financial assets and liabilities is estimated by discounting future cash flows using rates using rates currently applicable for debt on similar terms, credit risk and remaining maturities.

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33. Fair Value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is insignificant to the fair value measurements as a whole.

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : valuation techniques for which the lowest level inputs that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3 : valuation techniques for which the lowest level input which hass a significant effect on fair value measurement is not based on observable market data.

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(Amount in Rupees lacs, unless otherwise stated)

33. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Security deposits	31-Mar-17	29.80	-	-	29.80

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2017:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Borrowings	31-Mar-17	9,088.87	-	-	9,088.87

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2016:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Security deposits	31-Mar-16	28.66	-	-	28.66

There have been no transfers between Level 1 and Level 2 during the year ended 31 March 2016.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2016:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Borrowings	31-Mar-16	8,720.64	-	-	8,720.64

There have been no transfers between Level 1 and Level 2 during year ended 31 March 2016.

Quantitative disclosures fair value measurement hierarchy for assets as at 1 April 2015:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Security deposits	01-Apr-15	11.87	-	-	11.87

Quantitative disclosures fair value measurement hierarchy for liabilities as at 1 April 2015:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Borrowings	01-Apr-15	4,804.26	-	-	4,804.26

Valuation technique used to determine fair value:

Security Deposit and loan: Discounted Cash flow method using risk adjusted discount rate

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34. Financial risk management objectives and policies

The Company's principal financial liabilities, comprise borrowings, trade and other payables, security deposits and others. The Company's principal financial assets include trade and other receivables and cash and short-term deposits and loans.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's senior management is supported by a Risk Management Compliance Board that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below.

I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include , deposits.

The sensitivity analyses of the above mentioned risk in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for contingent liabilities is provided in Note 36.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. However the risk is very low due to negligible borrowings by the Company.

	Increase/decrease in basis points	Effect on profit before tax
		INR in Lakhs
31-Mar-17		
INR	+50	23.33
INR	-50	(23.33)
31-Mar-16		
INR	+50	19.35
INR	-50	(19.35)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

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B. Foreign currency sensitivity

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

	Change in USD rate	Effect on profit before tax
		INR in Lakhs
31-Mar-17	+5%	(7.20)
	-5%	7.20
31-Mar-16	+5%	2.03
	-5%	(2.03)

	Change in EURO rate	Effect on profit before tax
		INR in Lakhs
31-Mar-17	+5%	(4.53)
	-5%	4.53
31-Mar-16	+5%	0.04
	-5%	(0.04)

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR.

II. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Credit risk from investments with banks and other financial institutions is managed by the Treasury functions in accordance with the management policies. Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and/or other criteria, and are only made within approved limits. The management continually re-assess the Company's policy and update as required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty failure.

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A. Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

At the year end the Company does not have any significant concentrations of bad debt.
An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 32. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

B. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties.

III. Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Rs. In Lacs)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended						
31-Mar-17						
Borrowings	347.90	353.54	337.32	8,050.11	-	9,088.87
Trade payables	-	1,050.43	-	-	-	1,050.43
Other financial liabilities	222.81	469.01	741.73	-	-	1,433.55
	570.71	**1,872.98**	**1,079.05**	**8,050.11**	**-**	**11,572.84**
Year ended						
31-Mar-16						
Borrowings	1,487.53	97.20	291.60	6,844.31	-	8,720.64
Trade payables	-	754.22	-	-	-	754.22
Other financial liabilities	142.61	381.94	610.53	-	-	1,135.08
	1,630.13	**1,233.36**	**902.13**	**6,844.31**	**-**	**10,609.94**
As at 1 April 2015						
Borrowings	935.94	-	291.60	3,576.72	-	4,804.26
Trade payables	-	368.64	-	-	-	368.64
Other financial liabilities	8.00	475.46	220.03	18.14	-	721.63
	943.94	**844.10**	**511.63**	**3,594.86**	**-**	**5,894.53**

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(Amount in Rupees lacs, unless otherwise stated)

35 Capital Management

The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out committed work programme requirements. The Company monitors the long term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate.

No changes were made in the objectives, policies or processes during the year ended 31 March 2017.

	At 31 March 2017	At 31 March 2016	At 1 April 2015
Borrowings	10,077.67	9,410.43	5,097.64
Net debts	**10,077.67**	**9,410.43**	**5,097.64**
Total Equity	**1,515.40**	**3,429.17**	**1,934.54**
Gearing ratio (%)	**665.0%**	**274.4%**	**263.5%**

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36. Contingent Liability and Commitments:

	Rs. in lacs	31.03.2017	31.03.2016	01.04.2015
a)	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	69.32	NIL	321.73
b)	Outstanding Letter of credit opened in favour of overseas suppliers (Guaranteed by Holding Company)	NIL	NIL	176.11
c)	Outstanding Bank Guarantee	100.00	100.00	100.00

37. Retirement benefits in the form of provident fund is defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company's contribution to the provident fund is Rs. 66.87 lakhs (31 March 2016 Rs. 42.08 lakhs)

Disclosure of Movement in Provisions during the year as per Ind AS- 37, 'Provisions, Contingent Liabilities and Contingent Assets' :

Particulars	Un-availed leave	Gratuity	Income Tax
Balance As on 1.4.2015	**3.26**	**0.00**	**0.17**
Provided During the year 15-16	16.37	0.00	0.00
Paid/Adjusted During the year 15-16	1.18	0.00	0.17
Balance As on 31.3.2016	**18.45**	**0.00**	**0.00**
Provided During the year 16-17	28.32	10.58	0.00
Paid/Adjusted During the year 16-17	5.18	0.00	0.00
Balance As on 31.03.2017	**41.59**	**10.58**	**0.00**

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KAJARIA BATHWARE PRIVATE LIMITED - CONSOLIDATED
Notes to financial statement for the year ended 31 March 2017
(Amount in Rupees lakhs, unless otherwise stated)

38. Foreign currency exposure not hedged by derivative instrument or otherwise:

Particulars		**31-03-2017 (in Rs Lakhs)**		**31-03-2016 (in Rs Lakhs)**		**1-04-2015 (in Rs Lakhs)**	
		Foreign Currency	**Indian Rupee**	**Foreign Currency**	**Indian Rupee**	**Foreign Currency**	**Indian Rupee**
Advances							
For Goods and Services	EURO	0.05	3.71	0.01	1.02	0.001	0.22
	USD	1.18	76.33	0.71	46.97	0.06	3.73
For Capital Items	EURO					0.04	2.94
	USD					0.18	11.38
Payables							
For Goods and Services	EURO	1.34	94.28	0.003	0.22		
	USD	3.36	220.28	0.1	6.27		
Payables for Capital Expenditure	EURO					0.04	2.46
	JPY					125	65.14

39. In the opinion of the Board and to the best of their knowledge and belief, the value on realization of loans, advances & other current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

40. Balances of certain debtors, creditors are subject to confirmation.

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41 First time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).
Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains exemptions availed by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied:
1. Mandatory exceptions;
a) Estimates
The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Previous GAAP did not require estimation:
► Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

b) De-recognition of financial assets:
The company has applied the de-recognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

c) Classification and measurement of financial assets:
i. Financial Instruments:
Financial assets like security deposits received and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind ASs. Since, it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind As by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

d) Impairment of financial assets: (Trade receivables and other financial assets)
At the date of transition to Ind ASs, the Company has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

Optional exemptions;

A. Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)
Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for
de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

B. Lease:-
Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date
of transition to Ind AS, except where the effect is expected to be not material.

The company has elected to apply this exemption for such contracts/arrangements.

C. Business combinations:
Ind AS 101 allows a first-time adopter not to apply Ind AS 21 Effects of changes in Foreign Exchange Rates retrospectively for business combinations that occurred before the date of transition to Ind AS. In such cases, where the entity does not apply Ind AS 21 retrospectively to fair value adjustments and goodwill, the entity treats
them as assets and liabilities of the acquirer entity and not as the acquiree.

The company has elected to apply this exemption.

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D. Investment in subsidiaries :

At transition date, entity may choose to account for its investment at:

- Cost as per Ind AS 27 determined at transition date.
- Fair value as per Ind AS 113 (only on transition date).
- Previous GAAP carrying amount.
- Fair value as per Ind AS 109 (recurring fair valuation without recycling).

The company has elected to apply previous GAAP carrying amount exemption.

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Kajaria Bathware Private Limited - Consolidated
Balance Sheet as at 31 March, 2017

(Amount in Rupees Lakhs, unless otherwise stated)

Reconciliation of equity as at 1 April 2015

	Particulars	Indian GAAP As at 1 April 2015	Ind AS adjustments	IND AS As at 1 April 2015
I	**ASSETS**			
	(1) Non-current assets			
	(a) Property, plant and equipment	2,845.80		2,845.80
	(b) Capital work-in-progress	2,820.37		2,820.37
	(C) Intangible assets	5.66		5.66
	(d) Intangible assets under development	13.55		13.55
	(e) Financial assets			
	(i) Investment	-		-
	- Loans	11.87		11.87
	(f) Other non current assets	94.07	(0.24)	94.31
	Sub Total	**5,791.32**	**(0.24)**	**5,791.56**
	(2) Current assets			
	(a) Inventories	1,140.71		1,140.71
	(b) Financial assets			
	(i) Trade receivables	607.77		607.77
	(ii) Cash and cash equivalents	73.72		73.72
	(iii) Bank balances other than (ii) above	25.00		25.00
	(iv) Loans	-	(1.51)	1.51
	(v) Other Financial Assets	2.72		**2.72**
	(c) Other current assets	342.98	1.75	341.24
	Sub Total	**2,192.91**	**0.24**	**2,192.67**
	Total Assets	**7,984.22**	-	**7,984.22**
II	**EQUITY AND LIABILITIES**			
	Equity			
	Equity share capital	1,500.00		1,500.00
	Other Equity	(13.28)		(13.28)
	Minority Interest	447.81		447.81
	Sub Total	**1,934.53**	-	**1,934.53**
	LIABILITIES			
	(1) Non-current liabilities			
	(a) Financial liabilities			
	- Borrowings	3,869.02		3,869.02
	Sub Total	**3,869.02**	-	**3,869.02**
	(2) Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	935.24		935.24
	(ii) Trade Payables	368.64		368.64
	(iii) Other financial liabilities	**873.37**	151.74	721.63
	(b) Other current liabilities	-	(151.74)	151.74
	(c) Provisions	3.43	0.17	3.26
	(d) Current Tax Liabilities (Net)	-	(0.17)	0.17
	Sub Total	**2,180.67**	-	**2,180.67**
	Total Equity and Liabilities	**7,984.22**	-	**7,984.22**

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited - Consolidated
Balance Sheet as at 31 March, 2017

(Amount in Rupees Lakhs, unless otherwise stated)

Reconciliation of equity as at 31st March 2016

	Particulars	Indian GAAP As at 31 March 2016	Ind AS adjustments	IND AS As at 31 March 2016
I	**ASSETS**			
(1)	**Non-current assets**			
	(a) Property, plant and equipment	6,884.27		6,884.27
	(b) Capital work-in-progress	110.16		110.16
	(c) Goodwill	93.61		93.61
	(d) Intangible assets	28.14		28.14
	(e) Financial assets			
	(i) Investment			
	- Loans	28.66		28.66
	(g) Other non current assets	-	(53.38)	53.38
	Sub Total	**7,144.84**	**(53.38)**	**7,198.22**
(2)	**Current assets**			
	(a) Inventories	4,522.72		**4,522.72**
	(b) Financial assets			
	(i) Trade receivables	1,847.69		1,847.69
	(ii) Cash and cash equivalents	83.43		83.43
	(iii) Bank balances other than (ii) above	29.34		29.34
	(iv) Loans	-	(15.60)	15.60
	(v) Other Financial Assets	0.55		0.55
	(c) Other current assets	652.65	68.98	583.67
	Sub Total	**7,136.38**	**53.38**	**7,083.00**
	Total Assets	**14,281.22**	-	**14,281.22**
II	**EQUITY AND LIABILITIES**			
	Equity			
	Equity share capital	2,500.00		2,500.00
	Other Equity	733.71		733.71
	Minority Interest	195.46		195.46
	Sub Total	**3,429.17**	-	**3,429.17**
	LIABILITIES			
(1)	**Non-current liabilities**			
	(a) Financial liabilities			
	- Borrowings	7,233.12		7,233.12
	Sub Total	**7,233.12**	-	**7,233.12**
(2)	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	1,487.52		1,487.52
	(ii) Trade Payables	754.22		754.22
	(iii) Other financial liabilities	1,358.74	223.66	1,135.08
	(b) Other current liabilities	-	(223.66)	223.66
	(c) Provisions	18.45		18.45
	(d) Current Tax Liabilities (Net)	-		-
	Sub Total	**3,618.94**	-	**3,618.94**
	Total Equity and Liabilities	**14,281.22**	-	**14,281.22**

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O.P. BAGLA & CO.
New Delhi
Chartered Accountants

Kajaria Bathware Private Limited - Consolidated
Balance Sheet as at 31 March, 2017

(Amount in Rupees Lakhs, unless otherwise stated)

Reconciliation of profit or loss for the year ended 31 March 2016

		Indian GAAP Year ended 31 March 2016	GAAP adjustments Year ended	IND AS Year ended 31 March 2016
I	**REVENUE**			
	Revenue from operations	6,672.64	(626.66)	7,299.30
	Other income	107.90	86.70	21.20
	Total Revenue (I)	6,780.54	(539.96)	7,320.50
II	**EXPENSES**			
	Cost of material consumed	1,701.49	-	1,701.49
A	Purchases of stock in trade	3,410.00	-	3,410.00
	Changes in inventories of finished goods, stock-in-trade and work in progress	(2,676.28)	69.28	(2,745.56)
	Excise duty on sale of goods	-	(539.96)	539.96
	Employee benefits expense	1,897.37		1,897.37
	Finance costs	643.45	(14.22)	657.67
	Depreciation and amortization expense	323.73		323.73
	Other expenses	2,262.35	(55.06)	2,317.41
	Total expenses (II)	7,562.13	(539.96)	8,102.09
III	**Profit / loss for the year from continuing operations (I-II)**	(781.59)	-	(781.59)
IV	Exceptional Items			
III	**Profit / loss for the year from continuing operations (I-II)**	(781.59)	-	(781.59)
IV	Tax expense:			
	Current Tax	(0.13)	-	(0.13)
V	**Profit (Loss) for the Year (III - IV)**	(781.46)	-	(781.46)
VI	Other Comprehensive Income (OCI)			
	Items that will be reclassified to profit or loss in subsequent period	-		-
	Items that will not be reclassified to profit or loss in subsequent period	-		-
VII	**Other comprehensive income for the year, net of tax**	(781.46)		(781.46)
	Less: Share of Profit/(Loss) Transferred to Min	(28.45)		(28.45)
VIII	**Other comprehensive income for the year, net of tax after minority interest**	(753.01)		(753.01)
	Earnings per equity share for continuing operations			
	(1) Basic, computed on the basis of profit from continuing operations	(3.77)		(3.77)
	(2) Diluted, computed on the basis of profit from continuing operations	(3.77)		(3.77)

Footnotes to the reconciliation of profit or loss for the year ended 31 March 2016

1 **Sale of goods**
Under Previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased with a corresponding increase in other expense. There is, however, no impact on profit for the year on account of the same.

2 **Re-classification**
The company has reclassified previous year figures to conform to Ind AS classification.

In terms of our report of even date annexed
For O.P. Bagla & Co.
Chartered Accountants
FRN No. 000018N

Partner

Place: New Delhi
Date: 15.5.17

For and on behalf of the board

Director

Director

Company Secretary

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited - Consolidated
Balance Sheet as at 31 March, 2017
(Amount in Rupees Lakhs, unless otherwise stated)

42. Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:
Proportion of equity interest held by non-controlling interests:

S.No.	Name	Country of Incorporation	Ownership Interest of Kajaria Bathware Private Limited (%)		
			As on 31 March 2017	As on 31 March 2016	As on 01 April 2015
1	Kajaria Sanitaryware Private Limited	India	82%	82%	64%

Information regarding non-controlling interest

	As on 31 March 2017	As on 31 March 2016	As on 01 April 2015
Accumulated balances of material non-controlling interest:			
Kajaria Sanitaryware Private Limited	142.33	195.46	447.81
Profit/(loss) allocated to material non-controlling interest:			
Kajaria Sanitaryware Private Limited	(53.13)	(28.45)	

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit and loss for the year ended 31 March 2017:

	Kajaria Sanitaryware Private Limited
Revenue	5,757.53
Cost of raw material and components consumed	571.96
Other expenses	5,086.87
Finance costs	393.87
Profit before tax	(295.17)
Income tax	0.00
Profit for the year from continuing operations	(295.17)
Total comprehensive income	(295.17)
Attributable to non-controlling interests	(53.13)
Dividends paid to non-controlling interests	0.00

Summarised statement of profit and loss for the year ended 31 March 2016:

	Kajaria Sanitaryware Private Limited
Revenue	3679.26
Cost of raw material and components consumed	467.25
Other expenses	3041.55
Finance costs	328.51
Profit before tax	(158.05)
Income tax	0.00
Profit for the year from continuing operations	(158.05)
Total comprehensive income	(158.05)
Attributable to non-controlling interests	(28.45)
Dividends paid to non-controlling interests	0.00

O.P. BAGLA & CO.
CA
New Delhi
Chartered Accountants

Kajaria Bathware Private Limited - Consolidated
Balance Sheet as at 31 March, 2017
(Amount in Rupees Lakhs, unless otherwise stated)

Summarised balance sheet as at 31 March 2017:

	Kajaria Sanitaryware Private Limited
Inventories and cash and cash equivalents and other current assets (current)	2,580.73
Property, plant and equipment and other non-current assets (non-current)	2,506.67
Trade and other payable (current)	1,460.91
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	2,835.79
Total equity	790.70
Attributable to:	
Equity holders of parent	790.70
Non-controlling interest	0.00

Summarised balance sheet as at 31 March 2016:

	Kajaria Sanitaryware Private Limited
Inventories and cash and cash equivalents and other current assets (current)	2545.91
Property, plant and equipment and other non-current assets (non-current)	2557.30
Trade and other payable (current)	1714.89
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	2302.45
Total equity	1085.86
Attributable to:	
Equity holders of parent	1085.86
Non-controlling interest	0.00

Summarised balance sheet as at 01 April 2015:

	Kajaria Sanitaryware Private Limited
Inventories and cash and cash equivalents and other current assets (current)	1801.07
Property, plant and equipment and other non-current assets (non-current)	2596.13
Trade and other payable (current)	1721.75
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	1431.53
Total equity	1243.93
Attributable to:	
Equity holders of parent	1243.93
Non-controlling interest	0.00

Summarised cash flow information as at 31 March 2017

Operating	199.02
Investing	(111.85)
Financing	(102.20)
Net increase/(decrease) in cash and cash equivalents	(15.03)

O.P. BAGLA & CO. ★ New Delhi ★ Chartered Accountants

Kajaria Bathware Private Limited - Consolidated
Balance Sheet as at 31 March, 2017
(Amount in Rupees Lakhs, unless otherwise stated)

43 Disclosure as per Schedule III to the Companies Act-2013

Name of the entity	Net Assets i.e., total assets minus total liabilities as at 31.03.2017		Share in Profit or Loss for the year 2016-17	
	As % of Consolidated net assets	Amount (Rs. In Lacs)	As % of Consolidated profit or loss	Amount (Rs. In Lacs)
A. **Parent**	38.43%	582.38	81.80%	(1,565.46)
B. **Subsidiaries**				
Kajaria Sanitaryware Pvt. Ltd	52.18%	790.70	15.42%	(295.17)
Minority Interest in Subsidiary	9.39%	142.33	2.78%	(53.13)

In terms of our report of even date annexed
For O.P. Bagla & Co.
Chartered Accountants
FRN No. 000018N

Partner

Place: New Delhi
Date: 15.5.17

For and on behalf of the Board

Director

Director

Company Secretary

O.P. BAGLA & CO. New Delhi Chartered Accountants