

SORISO CERAMIC PVT. LTD.

AT: LAKHDIRPUR ROAD, TAL : MORBI

**AUDIT REPORT
2015-16**

AUDITORS:

**V. N. SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS**

"202 , Je Bhagwan Complex
Savsar Plot Main Road,
Ram Chowk,
Morbi - 363641

V. N. SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS

V. N. SITAPARA & ASSOCIATES
B.Com. F.C.A.
Ram Chowk,
Savsar Plot Main Road
MORBI -363 641
Tel : O. 223996

INDEPENDENT AUDITOR'S REPORT

To
The Members of
SORISO CERAMIC PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SORISO CERAMIC PRIVATE LIMITED**, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 there under.



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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2016;
- (ii) in the case of the statement of profit and loss, of the **PROFIT** for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016' ("the order"), issued by the Central Government of India in terms of sub section 11 of Section 143 of the Companies Act, 2013, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

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 purpose of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- (e) In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. A separate report in this regard is also issued.
- (f) The going concern matter described in sub-paragraph (b) under the Emphasis of Matters paragraph above, in our opinion, may have no adverse effect on the functioning of the Company.
- (g) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (h) 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:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Point No. 3 of Note 23 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. As per information and explanations given to us the company is not required to transfer any amount to Investor education and protection fund hence its reporting is not applicable

For V.N. SITAPARA & ASSOCIATES.
CHARTERED ACCOUNTANTS

Sitapara V. N.

(VIJAY. N. SITAPARA)

PROPRIETOR

M No.113966

FIRM REG. NO. 123575 W

PLACE : MORBI
DATED : 15.04.2016



ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2016

1.
 - a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, major fixed assets have been physically verified by the management during the year. We have been informed that the discrepancies noticed on such verification as compared to book record were not material and have been properly dealt with in the books of account. In our opinion the frequency of verification is reasonable.
 - c) In our opinion and according to the information and explanation given to us title deeds of immovable properties are held in the name of the company.
2.
 - a) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials except clay. We were informed that physical verification of clay was difficult due to its volume and loose nature. The discrepancies noticed on such verification between the physical stocks and book records were not significant and the same has been properly dealt with in the books of account.
3. The Company has not granted any loan during the year, to Company, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us In respect of loans, investments and guarantees, provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with
5. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits within the Provisions of sections 73 to 76 and rule framed there under of the companies Act therefore clause V of Companies (Auditor's Report) order is not applicable.
6. In respect of the business activities of the company, maintenance of cost records has not been specified by the central Government under sub section (I) of section 148 read with rules framed there under of the Companies Act, 2013.



7. a) As per information and explanations given to us the Company has been regular in depositing the undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess, Octroi, entry tax and other statutory dues with the appropriate Authorities. There are no undisputed statutory dues at the year end outstanding for a period of more than six months from the date they become payable.
- b) We have been informed that disputed demands of Rs.40.00 lacs in respect of Excise Duty are pending in litigation with the Commissioner of Central Excise & Customs Rajkot and disputed demands of Rs. 1076.40 lacs in respect of VAT/CST are pending in litigation with the Sales Tax Authority.
8. Based on our audit procedures and on the basis of information and explanations given to us by the management, we are of the opinion that there is no default in repayment of dues to the Financial Institutions or banks as at the year end.
9. According to the information and explanations given to us the term loans taken by the company have been applied for the purposes for which the loans were obtained.
10. As per information provided to us & explanation given to us & based on the audit procedures conducted we are of the opinion that no fraud has been committed by the company or on the company during the year covered under Audit
11. Remuneration given to directors are under compliance with Section 197 read with schedule V to the companies Act , 2013.
12. As the company is not a nidhi company clause xii of paragraph 3 is not applicable.
13. Based on our audit procedures and on the basis of information and explanations given to us by the management, we are of the opinion that all the transactions with related parties are in compliance with section 177 and section 188 of the companies Act, 2013. Details of such transaction as per AS 18 have been given in point no 15 in Note No 23 in Notes to accounts.
14. As per information and explanations given to us the Company has not made any preferential allotment hence clause is not applicable.
15. Based on our audit procedures and on the basis of information and explanations given to us by the management , company has not entered into any non cash transactions with directors or persons connected with him.



16. Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934,

**For V.N. SITAPARA & ASSOCIATES.
CHARTERED ACCOUNTANTS**

Sitapara V.N.

**PLACE : MORBI
DATED : 15.04.2016**

**(VIJAY. N. SITAPARA)
PROPRIETOR
M No.113966
FIRM REG. NO. 123575 W**



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

We have audited the internal financial controls over financial reporting of **SORISO CERAMIC PVT. LTD.** as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For V.N. SITAPARA & ASSOCIATES.
CHARTERED ACCOUNTANTS

Sitapara V.N.

(VIJAY. N. SITAPARA)
PROPRIETOR
M No.113966

FIRM REG. NO. 123575 W

PLACE : MORBI
DATED : 15.04.2016



SORISO CERAMIC PRIVATE LIMITED

AT : LAKHDHIRPUR ROAD, MORBI-2.

NOTE NO.1 SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Accounting:**

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with the requirements of the Companies Act, 2013.

2. **Income and Expenditure:**

Accounting of Income & Expenditure is done on accrual basis.

3. **Fixed Assets & Depreciation:**

a) Fixed assets are stated at their original cost of acquisition inclusive of inward freight, duties and expenditure incurred in the acquisition, construction/installation.

b) Depreciation is charged on Written down Value Method at the rates provided in Schedule II of the Companies Act, 2013.

c) CENVAT credit availed on capital equipment is accounted for by credit to respective fixed assets.

4. **Inventories:**

Inventories are valued on the following basis:

- a) Stores and Spares - at moving average basis.
- b) Raw Materials - at moving average basis.
- c) Work-in-Process - at manufacturing cost plus allocated overhead
- d) Finished Goods - at lower of cost or market value.

5. **Excise & Custom Duty:**

a) Excise & Custom Duty is accounted for at the time of clearance of goods. However, liability towards Excise Duty on closing stock lying in Bonded warehouse is provided for as per relevant guidance note issued by the Institute of Chartered Accounts of India.

b) CENVAT Credit, to the extent availed, is adjusted towards cost of materials.



6. **Sales**

Sales are exclusive of excise duty and after deducting discounts. Discounts are recognized when substantially all conditions appurtenant thereto have been fulfilled.

7. **Foreign Currency Transactions:**

- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- b) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.
- c) Foreign currency assets and liabilities are translated at year end rates and resultant gain/loss on foreign exchange transaction are recognized in the profit & loss account

8. **Export Benefits**

Export Benefits in respect of Duty Rebate in respect of Export Sales has been accounted for in the year when it is accrued i.e. in year of export and based on the calculation of available rebate. The consumption of Raw Material, Stores and other inputs and the valuation of closing stock are stated net of such export benefits.

9. **Employee Benefits:**

- a) Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b) Gratuity liability has not been provided as none of the employees of the company are not covered under gratuity Act.

10. **Research & Development:**

Revenue Expenditure on research and development is charged to Profit & Loss Account in the year in which it is incurred. Capital Expenditure on research and development is treated as additions to Fixed Assets in case the same qualifies as an intangible asset as per AS – 26 issued as ICAI.

11. **Provision, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

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



M/S. SORISO CERAMIC PRIVATE LIMITED

BALANCE SHEET AS AT 31st March 2016

Particulars	Note	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	30,000,000	30,000,000
Reserves and surplus	3	148,399,116	110,491,378
		178,399,116	140,491,378
Share Application Money -Pending Allotment		-	-
Non-current liabilities			
Long-term borrowings	4	4,925,624	23,021,810
Deferred tax liabilities (Net)	5	10,382,169	11,239,963
Long Term Provisions		-	-
		15,307,792	34,261,773
Current liabilities			
Short-term Borrowings	6	82,041,305	87,119,514
Trade payables	7	85,602,643	97,124,450
Other current liabilities	8	37,877,404	38,538,358
Short-term provisions	9	4,596,683	10,343,758
		210,118,036	233,126,079
TOTAL		403,824,944	407,879,231



ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	174,106,818	183,650,294
Capital Work in Progress		-	504,000
Non-current investments		-	-
Long Term Loans & Advances	11	28,739,770	25,509,054
		202,846,588	209,663,348
Current assets			
Inventories	12	131,850,925	98,376,306
Trade receivables	13	50,110,938	85,813,377
Cash and Bank balances	14	1,491,110	4,940,946
Short-term loans and advances	15	17,525,383	9,085,255
Other current assets		-	-
		200,978,356	198,215,883
TOTAL		403,824,944	407,879,231
Significant Accounting Policies	1		

The accompanying notes form an integral part of these financial statements.

FOR, V.N.SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sitapara v.n.

(Vijay N. Sitapara)

Proprietor

M. No. - 113966

FRN123575 W

Meakay

Director

Meakay

Director

PLACE :- MORBI

DATED:- 15/04/2016



M/S. SORISO CERAMIC PRIVATE LIMITED

**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31st MARCH 2016**

Particulars	Note	31.03.2016	31.03.2015
Revenue from operations	16	1,046,992,113	1,227,154,327
Less:Excise Duty		157,349,928	167,807,181
Other income	17	889,642,185 2,052,676	1,059,347,146 2,943,135
Total Revenue		891,694,861	1,062,290,281
Expenses:			
Cost of Materials Consumed	18	443,371,759	505,023,142
Changes in inventories	19	(30,771,208)	(11,872,046)
Employee benefits expense	20	61,156,075	59,520,416
Finance costs	21	11,837,968	19,753,810
Depreciation and amortization expense		26,014,342	26,998,052
Administration & other expenses	22	324,276,046	402,216,880
Total expenses		835,884,982	1,001,640,253
Profit before exceptional and extraordinary items & tax		55,809,879	60,650,027
Exceptional items		-	-
Profit before extraordinary items and tax		55,809,879	60,650,027
Extraordinary Items		-	-
Profit before tax		55,809,879	60,650,027
Tax expense:			
Current tax			
Current year		18,700,000	20,475,000
Earlier years		59,936	578,407
Deferred tax			
Current year		(857,795)	538,207
Earlier years		-	-
		17,902,141	21,591,614
Profit for the Period		37,907,738	39,058,413
Earnings per equity share (Par value of ₹ 10/- each)			
Basic		12.64	13.02
Diluted		-	-

FOR, V.N.SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS

For AND ON BEHALF OF THE BOARD

Sitapara V.N.

(Vijay N. Sitapara)
Proprietor

M. No. - 113966



[Signature]

Director

[Signature]

Director

PLACE :- MORBI

DATED :- 15/04/2016

4

LONG-TERM BORROWINGS

Secured Loan From Banks

a) Term Loans (Secured)

Form Banks

1 SBI term Loan A/c. No. 32184778890	-	16,633,911
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From Others

2 Reliance Capital Limited Term Loan A/c.	4,611,394	5,686,711
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vehicle Loans

Form Banks

1 H. D. F. C. Bank Forklift Loan A/c.- 31787654 Against Hypothecation of New Loader	314,229	-
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2 H. D. F. C. Bank Car Loan A/c.- 32184778890 Against Vehicle Ertiga A/c.	-	596,477
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3 H. D. F. C. Bank Loan A/c.No. 80691564 Against Hypothecation of New Loader	-	16,862
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4 H. D. F. C. Bank Loan A/c.No. 80714979 Against Hypothecation of New Tractor	-	87,848
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Total Secured Loan Rs...

	4,925,624	23,021,810
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From Others (Unsecured)

	-	-
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Total Unsecured Deposits Rs...

	-	-
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TOTAL

	4,925,624	23,021,810
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a) The term loans are repayable in installments as per the terms of the respective agreements generally over a period of Five to ten years after a moratorium period of one to four years.

b) There has been no defaults in repayment of any of the loans or interest thereon as at the end of the Year

e) **Details of securities**

1 Term Loan from Relience Capital Ltd. Is secured against First charge on Digital Printing Machine Only.

2 Vehicle Loans from HDFC Bank Ltd. are secured against hypothecation of respective underlying Asset



SORISO CERAMIC PVT. LTD.

CASH FLOW STATEMENT FOR THE YEAR 2015-16

SR. NO.	PARTICULARS	31/03/2016		31/03/2015
		AMT. RS.	AMT. RS.	AMT. RS.
A	<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
	Net profit before tax as per Profit and Loss A/C		55,809,879	60,650,027
	Adjusted for:			
	Depreciation	26,014,342		26,998,052
	Mobile Tower Rent Income	(189,000)		(189,000)
	Interest on Fixed Deposit	(813,916)		(1,123,365)
	Profit/Loss on sales of Assets	-		229,763
	Operating Profit Before Working Capital		25,011,426	25,915,450
	Adjusted for:			
	Trade and Other receivable	27,262,310		(7,706,370)
	Inventories	(33,474,619)		(8,957,007)
	Trade and Other payable	(12,182,760)		(18,521,173)
	Cash Generated from Operations		(18,395,069)	(35,184,550)
	Taxes paid		62,426,236	51,380,928
			24,507,011	18,745,486
			37,919,225	32,635,442
B	<u>CASH FLOW FROM INVESTING ACTIVITIES</u>			
	Mobile Tower Rent Income		189,000	189,000
	Interest on Fixed Deposit		813,916	1,123,366
	Decrease/(Increase) in Bank Fixed Deposits (Not Considered in Cash Equivalent)		3,347,284	6,313,171
	Decrease/(Increase) in Long Term Advances		(6,578,000)	(7,388,887)
	Increase in Fixed Assets		(15,966,866)	(6,415,935)
	Net Cash flow from Investing Activities		(18,194,666)	(6,179,285)
C	<u>CASH FLOW FROM FINANCING ACTIVITIES</u>			
	Secured Loan		(23,174,395)	(18,895,689)
	Unsecured Deposits		-	(9,000,000)
			(23,174,395)	(27,895,689)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(3,449,836)	(1,439,532)
	OPENING BALANCE OF CASH AND CASH EQUIVALENTS		4,940,946	6,380,478
	CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		1,491,110	4,940,946

PLACE :- MORBI

FOR, V N SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

DATED : 15/04/2016

Sitapara v. N.
(Vijay N. Sitapara)
Proprietor

M. No. - 113966

Firm Regn. No.123575 W

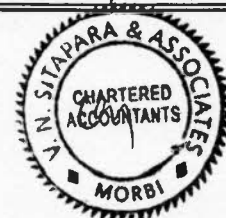


[Signature]
Director

[Signature]
Director

Note No.	PARTICULARS		
2	SHARE CAPITAL	31.03.2016	31.03.2015
	Equity Share Capital AUTHORISED		
	3000000 shares of par value of ₹10/- each (Previous year 3000000 shares of par value of ₹ 10/- each)	30,000,000	30,000,000
	ISSUED, SUBSCRIBED AND FULLY PAID-UP		
	3000000 shares of par value of ₹10/- each (Previous year 3000000 shares of par value of ₹10/- each)	30,000,000	30,000,000
	<p>a) From the above issued, subscribed & paid up capital, 15,30,000 shares each of amount Rs. 10/- are held by Kajaria Ceramics Ltd. being the holding company of the company</p> <p>b) During the year, the company has not issued / bought back any shares.</p> <p>c) The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.</p> <p>d) Following Shareholders hold equity shares more than 5% of the total equity shares of the Company and no other share holder of the Company holds more than 5 percent of the equity shares.</p> <p style="padding-left: 40px;">a) Kajaria Ceramics Ltd. 51%</p> <p>e) The Company has only one class of shares referred to as equity shares having at par value of 10/-. Each holder of equity shares is entitled to one vote per share.</p> <p>f) Kajaria Ceramics Ltd. is the holding company of this company.</p> <p>g) The company has not issued shares for a consideration other than cash or bonus shares during the Year</p>		

3	RESERVES AND SURPLUS		
	Surplus		
	As per last balance sheet	110,491,378	71,266,814
	Add : Balancing Charge of Change in Depreciation	-	166,151
	Add: Profit for the year from Profit & Loss Statement	37,907,738	39,058,413
	Total	148,399,116	110,491,378



5	Deferred Tax Liabilities (Net)		
	Opening Balance	11,239,964	10,701,756
	ADD: Additional Adjustment for Current Year	(857,795)	538,207
	TOTAL	10,382,169	11,239,963

6	Short-Term Borrowings		
	WORKING CAPITAL FACILITIES		
	From Banks - Secured	82,041,305	87,119,514
	TOTAL	82,041,305	87,119,514

Note: Cash Credit Limits from SBI Bank is secured against Stocks & Book Debts of the company.

7	TRADE PAYABLES		
	For Goods and Services	85,602,643	97,124,450
	TOTAL	85,602,643	97,124,450

a) Disclosure w.r.t. Micro, Small and Medium Enterprises as required by MSMED Act, 2006 is made in Note No.10



8	OTHER CURRENT LIABILITIES			
	Current Maturity of Long Term Debts		9,420,876	20,046,281
	Advances from customers and others		476,489	962,751
	<u>Other Payables</u>			
	1 Unpaid Professional Tax		49,480	53,280
	2 Unpaid Electric Bill		4,938,209	1,650,000
	3 Unpaid Provident Fund		41,039	39,823
	4 Tax Deducted at Sources		153,890	117,840
	5 Unpaid E.S.I		10,485	10,160
	6 Unpaid Central Excise Duty (Closing Stock)		16,236,431	10,471,060
	7 Unpaid Service Tax		-	42,985
	8 Unpaid Bonus		1,830,760	76,969
	9 Unpaid Taxation Matter Fees		-	127,950
	10 Provision For Audit Fees		180,000	178,000
11 Unpaid Salary & Wages		4,539,745	4,761,259	
TOTAL		37,877,404	38,538,358	

9	SHORT TERM PROVISIONS			
	Provision for current tax			
	As per last balance sheet		10,343,758	8,035,837
	Additions during the year		18,700,000	20,475,000
	Amount adjusted during the year		(10,343,758)	(8,035,837)
	Less: Set off against taxes paid		(14,103,317)	(10,131,242)
	TOTAL		4,596,683	10,343,758

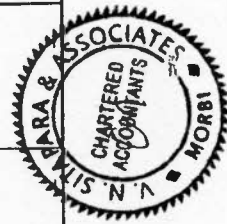


Note: 10 to the Financial Statements

Non-Current Assets

(A) TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK		Rate of Depreciation (in %)	
	As on 01/04/2015	Additions		Sales adjustments / CENVAT	Total As on 31/03/2016	Up to 31/03/2015	FOR THE YEAR	Adj. on Sales	Total As on 31/03/2016	As at 31/03/2016		As at 31/03/2015
		01/04/2015 to 31/03/2016	01/04/2015 to 31/03/2016									
Factory Land	2,903,800	-	-	-	2,903,800	-	-	-	-	2,903,800	2,903,800	0.00%
Site Development	985,949	-	-	-	985,949	-	-	-	-	985,949	985,949	0.00%
Shed Construction	21,737,016	327,106	-	-	22,064,122	11,955,876	945,001	-	12,900,876	9,163,246	9,781,140	9.50%
Factory Buildg. (Expansion)	27,421,005	-	-	-	27,421,005	6,816,542	1,957,424	-	8,773,966	18,647,039	20,604,463	9.50%
PLANT & MACHINERY												
Imported Machinery	71,732,393	-	-	-	71,732,393	43,654,381	3,905,652	-	47,560,032	24,172,361	28,078,013	13.91%
Indigenous Machinery	26,919,402	250,000	-	-	27,169,402	18,439,356	1,184,040	-	19,623,396	7,546,006	8,480,046	13.91%
New Machinery	16,087,450	-	-	-	16,087,450	7,420,342	1,205,595	-	8,625,937	7,461,513	8,667,108	13.91%
New Machinery	12,385,349	-	-	-	12,385,349	6,571,513	808,705	-	7,380,218	5,005,131	5,813,836	13.91%
Indege. Machi. (Expansion)	57,787,221	-	-	-	57,787,221	20,973,303	5,120,816	-	26,094,119	31,693,102	36,813,918	13.91%
Import Machi. (Expansion)	56,994,528	-	-	-	56,994,528	20,732,004	5,044,117	-	25,776,121	31,218,407	36,262,524	13.91%
Digital Printing Machine A/c.	28,509,357	-	-	-	28,509,357	7,379,158	2,939,211	-	10,318,369	18,190,988	21,130,199	13.91%



Digital Printing Mach. New	-	15,058,467	-	-	-	1,705,466	1,705,466	13,353,001	-	13.91%
Electrification	241,956	-	-	-	10,093	179,489	169,396	62,467	72,560	13.91%
Generator	1,309,557	-	-	-	104,974	659,866	554,892	649,691	754,665	13.91%
Lab Instrument	942,403	-	-	-	106,473	283,432	176,959	658,971	765,444	13.91%
Office Equipments	1,146,040	331,293	-	-	108,747	607,209	498,462	870,125	647,578	13.91%
Office Furniture	2,762,807	-	-	-	172,376	2,269,381	2,097,005	493,426	665,802	25.89%
Office Const.	182,052	-	-	-	8,599	100,133	91,534	81,919	90,518	9.50%
Computer	686,894	-	-	-	37,046	665,285	628,239	21,608	58,654	63.16%
Motor Car Ertiga	1,028,664	-	-	-	313,490	338,342	24,852	690,322	1,003,812	31.23%
Motor Cycle	56,963	-	-	-	14,267	16,125	1,858	40,838	55,105	25.89%
Motor Cycle	45,013	-	-	-	3,925	33,778	29,853	11,235	15,160	25.89%
Accounting Software	-	504,000	-	-	318,326	318,326	-	185,674	-	63.16%
CURRENT YEAR	331,865,818	16,470,866	-	-	26,014,342	174,229,866	148,215,524	174,106,818	183,650,294	



11	LONG TERM LOANS AND ADVANCES (Considered good, unless otherwise stated)		
	SECURITY DEPOSITS (Secured)		
	1 N. S. C. Deposits with Sales Tax Dept. Kerala	75,000	75,000
	Total Rs..	75,000	75,000
	SECURITY DEPOSITS (Unsecured)		
	1 H. D. F. C. Bank Ltd. F. D. A/c. No. 307527000083	-	270,000
	2 S. B. I. F. D. A/c. - EPCG	415,000	625,000
	3 S. B. I. F. D. A/c. - 30665089457	-	2,867,284
	4 S. B. I. F. D. A/c.No.-32189326236 (GSPC)	3,148,640	3,148,640
	5 S. B. I. F. D. A/c.No.-32189319581 (GSPC)	577,698	577,698
6 S. B. I. F. D. A/c.No.-32193934464 (PGVCL)	1,364,000	1,364,000	
7 S. B. I. F. D. A/c.No.-32567471285	2,258,092	2,258,092	
Total Rs..	7,763,430	11,110,714	
OTHER ADVANCES			
Central Excise Duty Advance (D. G. C. E. I.) A/c.	6,934,453	6,934,453	
VAT/CST Advance (Against Appeal)	13,966,887	7,388,887	
TOTAL	28,739,770	25,509,054	

12	INVENTORIES		
	Raw Material	16,575,703	13,484,082
	Work In Progress	4,816,134	5,851,500
	Finished Goods	101,666,494	69,859,919
	Stores ,Spares & Fuels	8,792,595	8,876,721
	Others	-	304,084
	TOTAL	131,850,925	98,376,306

a Inventory items have been valued considering the significant accounting policy no.04 disclosed in Note no. 1 to these financial statement.



13	TRADE RECEIVABLES		
	(Considered good, unless otherwise stated)		
	a) Debts outstanding for a period exceeding six months		
	- Considered Good	3,273,688	1,318,369
	- Considered Doubtful		224,512
	Less: Provision for Bad & Doubtful Debts	-	-
	Total	3,273,688	1,542,881
	b) Other Debts		
	- Considered Good	46,837,250	84,270,496
	Total	46,837,250	84,270,496
Grand Total	50,110,938	85,813,377	

14	CASH & BANK BALANCES		
	<u>Cash & Cash Equivalents</u>		
	<u>Balances with banks</u>		
	1 H. D. F. C. Bank A/c. No-3072790000287	74,433	104,389
	2 H. D. F. C. Bank A/c. No-3072320001249	202,802	213,643
	3 Co-op Bank of Raj Ltd. - Morbi Current A/c.	20,115	20,110
	4 State Bank of India - Morbi Current A/c.	23,443	24,073
	5 S.B.I. Current A/c. No. 30398609902	182,527	131,596
	6 SBI No lien A/c. No. 32185369263	-	3,497,620
	7 HDFC Bank Power Trading A/c 00990680037486	99,651	152,591
Total	602,970	4,144,022	
Cash on hand	888,140	796,924	
Grand Total	1,491,110	4,940,946	

15	SHORT TERM LOANS AND ADVANCES		
	ADVANCES		
	Un-Secured (Considered Good)		
	a) Advances Recoverable in cash or Kind or for value to be received	9,982,887	3,372,909
	b) Prepaid Insurance	379,259	403,451
	c) Prepaid Bank Commission & Charges	632,675	642,027
	d) Prepaid Legal Fees & SAP Maintenance	114,033	22,055
	e) Balance With Custom Authorities(Against EPCG)	725,000	987,892
	f) Balance with Excise Authorities	2,471,667	1,881,184
	g) VAT Receivables	3,219,862	1,775,737
Total	17,525,383	9,085,255	



16	REVENUE FROM OPERATIONS:		
	SALES OF PRODUCTS		
	1 Floor Tiles	1,070,173,424	1,261,436,094
	Other Operating Revenue		
	1 Wastage & Scrap Sales	138,062	224,280
		1,070,311,486	1,261,660,374
	Less:		
	Trade Discount Exp.	23,259,539	26,128,341
	Quantity Discount on Volume Sales	59,834	4,399,423
	Rate Diff. & Material Diff. Debit Note Exp.	-	3,978,283
Total	1,046,992,113	1,227,154,327	

17	OTHER INCOME		
	Interest		
	From others To Specify		
	1 Bank F. D. Interest	813,916	1,123,365
	Miscellaneous Income		
	1 Mobile Tower Rent Income	189,000	189,000
	2 Kasar/Misc Income/Written off	164,047	13,495
	3 Foreign Exchange Fluctuation Gain	479,784	7,521
	4 Insurance on Sales	-	23,357
	5 Export Incentive Income(Duty Rebate)	405,929	1,586,397
Total	2,052,676	2,943,135	

18	COST OF MATERIAL CONSUMED		
	1 Raw Material Consumption	381,537,929	421,728,414
	2 Packing Material Consumption	61,833,830	86,242,027
Total	443,371,759	505,023,142	



19	CHANGES IN INVENTORIES			
	<u>Stock as on 01.04.2015</u>			
		<u>Finished Goods</u>	69,859,919	60,683,815
		<u>Stock in Process</u>	5,851,500	3,155,558
		" A "	75,711,419	63,839,373
	<u>Stock as on 31.03.2016</u>			
		<u>Finished Goods</u>	101,666,494	69,859,919
		<u>Stock in Process</u>	4,816,134	5,851,500
		" B "	106,482,627	75,711,419
		A - B	(30,771,208)	(11,872,046)

20	EMPLOYEE BENEFITS EXPENSE			
		Salaries and wages (Direct)	51,959,110	52,182,875
		<u>Salaries and wages (Indirect):</u>		
		1 Director's Remuneration	540,000	540,000
		2 Office & Marketing Staff Salary	4,654,130	4,283,000
		Contribution to provident and other funds	252,556	244,823
		Bonus to Employees	1,830,760	76,969
		Employee ESI	88,890	89,704
		Staff welfare expenses	1,221,469	1,473,965
		Professional Tax of Employees	609,160	629,080
	Total	61,156,075	59,520,416	

21	FINANCE COSTS			
	INTEREST ON :			
	a) Bank Loan & Borrowings			
		1 Bank Loan Interest	2,675,986	5,059,968
		2 Bank CC Interest	5,714,000	10,856,486
		3 Vehicle Loan Interest	133,403	121,333
		4 Reliance Capital Ltd Term Loan Interest	1,071,049	2,075,270
		Total (a) Rs..	9,594,437	18,113,057
	b) Interest to Others:			
		1 Interest paid on Unsecured Loan	-	282,257
		2 Interest paid on others(Income Tax)	1,389,027	-
		Total (b) Rs..	1,389,027	282,257
	Other Borrowing Cost			
		1 Bank Charges & Commission Exp.	854,504	652,989
		2 L C Discounting Charges	-	705,506
	Total (c) Rs..	854,504	1,358,495	
	Grand Total (A + B + C)	11,837,968	19,753,810	



22	ADMINISTRATION & OTHER EXPENSES		
1	Stores Spares Consumed	27,282,457	22,058,787
2	Power and Fuel	268,857,479	345,700,878
3	Excise Duty on Stocks	5,765,371	1,726,516
	Total (a) Rs..	301,905,308	369,486,181
b)	Repairs and Maintenance Expenses :		
1	Machinery Maintenance	13,291,754	13,651,267
2	Factory Shed Repairing Exp.	1,046,493	763,143
3	Others	1,052,890	237,547
	Total (d) Rs..	15,391,137	14,651,957
c)	GENERAL ADMINISTRATIVE EXPENSES :		
1	Electric Inspection Charges	-	2,856
2	Interest paid on others	-	19,672
3	Legal Fees	751,588	720,204
4	Office Misc. Exp.	686,853	595,637
5	Stationery Exp.	278,183	375,316
6	Security Charges	450,775	362,500
7	Postage & Telegram exp.	26,302	56,573
8	Telephone/Internet Exp.	393,481	393,418
9	R. O. C. Filing Fees	4,800	7,200
10	Travelling Exp.	82,561	48,285
11	Vehicle Exp.	1,421,673	2,094,438
12	Membership Fees	81,124	131,180
13	Laboratory, R & D Charges	168,829	243,853
14	Insurance	494,727	494,688
15	Service Tax and Excise Exp.	-	71,489
16	Bad Debts Written Off	-	3,085,904
17	Donation	19,225	-
18	Sizing & Waste Removal Exp.	-	952,850
19	Bank Commission & Charges	693,511	187,838
20	Taxation Matter Fees	-	140,450
21	Interest on TDS Late Payment	569	3,682
	Loss On Sale of Fixed Assets	-	229,763
	<u>Auditors Remuneration</u>		
1	Statutory Audit Fees	200,000	200,000
2	Internal Audit Fees	125,625	125,000
3	Reimbursement of Internal Audit Expenses	17,908	30,717
	Total (c) Rs..	5,897,734	10,573,513
d)	SELLING & DISTRIBUTION EXPENSES		
1	Export Exp.	1,031,617	4,446,449
2	Advertisement & Sales Promotion Exp.	-	46,680
3	Freight Outward Exp.	50,250	64,800
	Total (d) Rs..	1,081,867	4,557,929
	Grand Total (a+b+c+d Rs..)	324,276,046	402,216,880



SORISO CERAMIC PRIVATE LIMITED

Note No 23.

		AS AT 31.03.2016	AS AT 31.03.2015
1	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	NIL	NIL
2	Letters of Credit opened in favour of inland/overseas suppliers (Net)	NIL	NIL
3	Contingent Liabilities not provided for (excluding matters separately dealt with in the notes):		
	In respect of Excise Duty pending before various authorities and in dispute. (Rs. In Lacs)	40.00	69.34
	In respect of VAT/CST before Sales Tax Department (Rs. In Lacs)	1076.40	394.38

4.	Salary includes following remuneration to the Managing Director, Jt. Managing Director & Whole Time Director		Year Ended 31.03.2016	Year Ended 31.03.2015
	- Salary		5,40,000	5,40,000
	- Perquisites		NIL	NIL
	- Contribution to Provident Fund		NIL	NIL
5	Details of registered & installed capacities and production	Unit	2015-16	2014-15
	a) Registered Capacity	Sq Mtrs	N.A.	N.A.
	b) Installed Capacity*			
	- Tiles	Sq Mtrs	44,92,800	44,92,800
	c) Production			
	- Tiles	Sq Mtrs	39,02,303	43,20,520

* As certified by the Management and relied on by the Auditors being a technical matter.



6.	Value of Imports on CIF basis:	(Rs.)	(Rs.)
	• Capital Goods	1,18,82,700 Euro 162000	31,76,818
7.	Expenditure in Foreign Currency (on accrual basis) :	NIL	NIL
8.	Earnings in Foreign Currency :	2015-16	2014-15
	FOB Value of Exports (Rs.)	1,44,97,454 \$ 230660.79	5,00,99,557 \$ 7,27,658

9.	Value of imported and indigenous raw material consumed and the percentage of each to total consumption:	%	2015-16	%	2014-15
	Imported	0	0	0	0
	Indigenous (Rs. In Lacs)	100	3772.97	100	4187.81

10.	Dues to Small, Micro & Medium Enterprises #:	2015-16	2014-15
	1. Principal amount due and remaining unpaid	0.00	0.00
	2. Interest due on (1) above and the unpaid interest	0.00	0.00
	3. Interest paid on all delayed payments under MSMED Act	0.00	0.00
	4. Payment made beyond the appointed date during the year	0.00	0.00
	5. Interest due and payable for the period of delay other than (3) above	0.00	0.00
	6. Interest accrued and remaining unpaid	0.00	0.00
	7. Amount of further interest remaining due and payable in succeeding years	0.00	0.00

The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2008 are as per available information with the Company.

11. Balances of certain debtors, creditors, loans and advances are subject to confirmation.



12. In the opinion of the Management current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated except where indicated otherwise.
13. To comply with the guidance note on "Accounting Treatment of Excise Duty" issued by Institute of Chartered Accountants of India, excise duty amounting to Rs. 162.36 Lacs has been included in the value of inventories as on 31.03.2016 and the corresponding amount of Excise Duty payable has been included in other liabilities. However, this accounting policy has no impact on the profit for the year.
14. Tax Expense is the aggregate of current year income tax and deferred tax charged to the Profit and Loss Account for the year.

a) Current Year Charge:

Income Tax provision of Rs. 187.00 Lacs has been made on regular income .

b) Deferred Tax

The Company estimates the deferred tax charge using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The movement of provision for deferred tax is given below:

Particulars	Opening as at 1.4.2015 (Rs. Lacs)	Charge/(credit) during the year (Rs. Lacs)	Closing as at 31.3.2016 (Rs. Lacs)
Arise due to change in Depreciation	112.40	(8.58)	103.82
Net Deferred Tax Liability	112.40	(8.58)	103.82

15. Related Party Disclosures:

In accordance with the Accounting Standards (AS-18) on Related Party Disclosures, where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, along with description of relationship as identified, are given below:-

A. Relationships

I. Key Management Personnel

Name	Designation
Rajendrakumar G. Dhamasana	Director
ManojBhai V. Kakasaniya	Director
Alok Kumar	Director
R. N. Pareek	Director

II. Associates/Enterprises over which key management personnel are able to exercise significant influence

Kajaria Ceramics Limited (Holding Company)
Face Impex Private Limited



B. The following transactions were carried out with related parties in the ordinary course of business:-

Related Party Transactions	(Rs. in Lacs)		
	Key Management Personnel & Relatives	Associate Enterprise	Holding Company
Purchase of Goods	-	40.24	-
Sale of Goods(Net)	-	-	7619.69
Remuneration	5.40	-	-

16. **Segmental Reporting:**

The business activity of the company falls within one broad business segment viz "Ceramic Tiles" 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 AS-17 of The Institute of Chartered Accountants of India. Hence the disclosure requirement of Accounting Standard 17 of "Segment Reporting" issued by the Institute of Chartered Accountants of India is not considered applicable.

17. Earnings per share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earning per share:

	Year ended 31.03.2016	Year ended 31.03.2015
Profit attributable to the Equity Shareholders – (A) (Rs.)	3,79,07,738	3,90,58,413
Basic/ Weighted average number of Equity Shares outstanding during the year (B)	30,00,000	30,00,000
Nominal value of Equity Shares (Rs)	10	10
Basic/Diluted Earnings per share (Rs) – (A)/(B)	12.70	13.02
Calculation of profit attributable to Shareholders		
Profit Before Tax	5,58,09,879	6,08,50,027
Less : Income Tax/Wealth Tax Adjustment	59,936	5,78,407
Less : Income Tax Provision	1,87,00,000	2,04,75,000
Less : Deferred Taxation	(8,57,795)	5,38,207
Profit attributable to Shareholders	3,79,07,738	3,90,58,413

18. M/s. Soriso Ceramic Pvt. Ltd. Is the subsidiary company of M/s. Kajaria Ceramics Ltd.

19. Previous year figures have been regrouped / recast wherever necessary.



20. Company has contingent liabilities of VAT/CST & Excise Duty as above mentioned in point No. 3. However, Company has filed appeal before appellate authorities by paying some percentage advance as shown in Balance Sheet which is under :

VAT/CST	:	Rs. 139.67 lacs
Excise Duty	:	Rs. 40.00 lacs

SIGNATURE TO THE NOTE 1 TO 23
IN TERMS OF OUR REPORT OF EVEN
DATE ANNEXED

FOR V.N. SITAPARA & ASSOCIATES.
CHARTERED ACCOUNTANTS

Sitapara V.N.

PLACE : MORBI PROPRIETOR
DATED : 15.04.2016

FOR AND ON BEHALF OF THE BOARD

[Signature]
DIRECTOR



[Signature]
DIRECTOR