

EURO CERAMICS LTD.

Regd. Office : 208, Sangam Arcade, Vallabhbai Road, Vile Parle (West), Mumbai 400 056 (CIN- L26914MH2002PLC135548)
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(Rs in Lakhs except EPS)

Part-1

Statement of Standalone and Consolidated Audited Financial Results for the Quarter and Year Ended March 31, 2017

Sr. No.	Particulars	STANDALONE				CONSOLIDATED		
		Quarter Ended		Year Ended	Year Ended	Year Ended	Year Ended	
		31-Mar-17	31-Dec-16	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
		Audited	Unaudited	Audited	Audited	Audited	Audited	
CONTINUING OPERATIONS								
1	Revenue from operations							
a	Net Sales/Income from Operations (Net of excise duty)	388.54	190.37	1,203.19	1,069.08	2,515.54	1,078.09	2,523.78
b	Other Income	142.75	47.88	121.96	202.09	168.56	202.32	174.28
	Total income from Operations (net)	531.29	238.25	1,325.15	1,271.17	2,684.10	1,280.41	2,698.06
2	Expenses							
a	Cost of Materials consumed	141.10	322.89	1,024.80	1,456.36	2,193.31	1,456.36	2,193.31
b	Purchase of stock-in-trade	0.97	6.89	0.03	13.03	8.32	19.35	10.68
c	Changes in inventories of finished goods, work-in-progress and stock-in-trade	48.33	78.95	447.17	(357.24)	554.17	(355.25)	1,012.35
d	Employee benefits expense	127.71	96.26	87.75	398.05	344.74	398.54	347.85
e	Finance Cost	1.76	33.58	16.75	69.89	76.30	72.16	74.09
f	Depreciation and amortisation expense	485.81	496.37	502.44	1,969.44	2,010.16	1,969.72	2,010.44
g	Power & Fuel Expenses	44.43	29.79	31.06	159.36	128.78	159.36	128.78
h	Other expenses	104.51	155.48	150.02	648.41	401.76	654.35	444.73
	Total Expenses	954.62	1,220.21	2,260.02	4,357.30	5,717.54	4,374.59	6,222.23
3	Profit / (Loss) from operations before exceptional and extra ordinary items and tax (1-2)	(423.33)	(981.96)	(934.87)	(3,086.13)	(3,033.44)	(3,094.18)	(3,524.17)
4	Exceptional Items [Gain/(Loss)]	5,004.52	-	-	5,004.52	-	5,004.52	-
5	Profit / (Loss) from operations before extra ordinary items and tax	4,581.19	(981.96)	(934.87)	1,918.39	(3,033.44)	1,910.34	(3,524.17)
6	Extraordinary items [Gain/(Loss)]	-	-	-	-	-	-	-
7	Profit / (Loss) from operations before tax	4,581.19	(981.96)	(934.87)	1,918.39	(3,033.44)	1,910.34	(3,524.17)
8	Tax expense							
	Current Tax	-	-	-	-	-	-	0.71
	Deferred Tax	-	-	(1,523.92)	-	(1,523.92)	-	(1,523.92)
	Total Tax Expenses	-	-	(1,523.92)	-	(1,523.92)	-	(1,523.21)
9	Net Profit/(Loss) for the period from Continuing Operations	4,581.19	(981.96)	589.05	1,918.39	(1,509.52)	1,910.34	(2,000.96)
10	Net Profit / (Loss) for the period from discontinuing operations	(169.36)	360.90	73.73	583.91	282.22	583.91	282.22
11	Net Profit /(Loss) from the disposal of assets of discontinuing operations	2,715.87	-	-	2,715.87	-	2,715.87	-
12	Tax Expenses of discontinuing operations	-	-	-	-	-	-	-
13	Net Profit/ (Loss) from the discontinuing operations after tax	2,546.51	360.90	73.73	3,299.78	282.22	3,299.78	282.22
14	Profit/(Loss) for the period before minority interest	7,127.70	(621.06)	662.78	5,218.17	(1,227.30)	5,210.12	(1,718.74)
15	Share of profit /(loss) of associates	-	-	-	-	-	-	-
16	Profit/(Loss) of minority interest	-	-	-	-	-	-	-
17	Net Profit/(Loss) for the period	7,127.70	(621.06)	662.78	5,218.17	(1,227.30)	5,210.12	(1,718.74)
18	Details of Equity Share Capital							
	Paid-up equity share capital	3,373.77	3,373.77	3,373.77	3,373.77	3,373.77	3,373.77	3,373.77
	Face Value of equity share capital (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	10.00
19	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	(8,356.27)	(20,708.54)	(10,856.17)	(23,200.37)
20	Earning per equity share							
i	Basic earnings/(loss) per share from continuing and discontinued operations	21.13	(1.84)	1.96	15.47	(3.64)	15.44	(5.09)
ii	Diluted earnings/(loss) per share from continuing and discontinued operations	21.13	(1.84)	1.96	15.47	(3.64)	15.44	(5.09)



STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Lakhs)

Particulars	Standalone		Consolidated	
	Audited		Audited	
	As at 31-Mar-2017	As at 31-Mar-2016	As at 31-Mar-2017	As at 31-Mar-2016
A EQUITY AND LIABILITIES				
1 Shareholders' funds				
(a) Share capital	3,373.77	3,373.77	3,373.77	3,373.77
(b) Reserves and surplus	(8,356.27)	(20,708.54)	(10,856.17)	(23,200.37)
	(4,982.50)	(17,334.77)	(7,482.40)	(19,826.60)
2 Non-current liabilities				
(a) Long-term borrowings	2,687.27	3,150.68	2,827.39	3,290.79
(b) Deferred tax liabilities (net)	-	-	-	-
	2,687.27	3,150.68	2,827.39	3,290.79
3 Current liabilities				
(a) Short-term borrowings	1,458.83	1,458.83	1,518.84	1,558.90
(b) Trade payables	3,848.33	3,663.31	4,044.87	3,859.76
(c) Other current liabilities	27,524.25	48,945.40	29,912.65	51,306.16
(d) Short-term provisions	50.90	79.46	193.40	221.96
	32,882.31	54,147.00	35,669.76	56,946.78
TOTAL	30,587.08	39,962.91	31,014.75	40,410.97
B ASSETS				
1 Non-current assets				
(a) Fixed assets				
(i) Tangible assets	19,265.09	28,646.80	19,266.33	28,650.08
(ii) Capital work-in-progress	-	-	-	-
	19,265.09	28,646.80	19,266.33	28,650.08
(b) Non-current investments	134.11	134.11	135.11	135.11
(c) Long-term loans and advances	868.45	877.60	868.75	877.90
	20,267.65	29,658.51	20,270.19	29,663.09
2 Current assets				
(a) Inventories	3,234.65	3,193.28	3,309.44	3,270.06
(b) Trade receivables	1,910.23	1,840.46	1,887.24	1,845.51
(c) Cash and Bank Balances	141.30	560.34	156.46	562.58
(d) Short-term loans and advances	5,031.03	4,708.69	5,389.00	5,068.10
(e) Other current assets	2.22	1.63	2.42	1.63
	10,319.43	10,304.40	10,744.56	10,747.88
TOTAL	30,587.08	39,962.91	31,014.75	40,410.97



Segmentwise Revenue, Results, Assets and Liabilities

Rs in Lakhs

Sr. No.	Particulars	STANDALONE					CONSOLIDATED	
		Quarter Ended			Year ended		Year ended	
		31-Mar-17	31-Dec-16	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	Audited	Unaudited	Audited	Audited	Audited	Audited	Audited	
1	Segment Revenue							
	(a) Tiles	388.54	190.38	1,203.19	1,069.08	2,515.54	1,078.09	2,523.78
	(b) Aluminium Sections	-	-	-	-	-	-	-
	(c) Sanitaryware (Discontinuing Operations)	1,295.44	1,175.88	926.99	4,532.39	3,082.12	4,532.39	3,082.12
	(d) Realty	-	-	-	-	-	-	-
	Total	1,683.98	1,366.26	2,130.18	5,601.47	5,597.66	5,610.48	5,605.90
	Less: Inter-Segment Revenue	-	-	-	-	-	-	-
	Net Sales	1,683.98	1,366.26	2,130.18	5,601.47	5,597.66	5,610.48	5,605.90
2	Segmental Results							
	(a) Tiles	(312.00)	(815.63)	(800.23)	(2,436.86)	(2,365.02)	(2,442.64)	(2,857.97)
	(b) Aluminium Sections	(0.61)	(1.57)	(2.96)	(4.37)	(6.24)	(4.37)	(6.24)
	(c) Sanitaryware (Discontinued Operations)	(169.36)	360.90	73.73	583.91	282.22	583.91	282.22
	(d) Realty	-	-	-	-	-	-	-
	Total	(481.97)	(456.30)	(729.46)	(1,857.32)	(2,089.04)	(1,863.10)	(2,581.99)
	Less: (i) Interest	1.75	33.58	16.75	69.89	76.30	72.16	74.09
	(ii) Other Unallocable (Income)/ Expenditure (Net)	108.97	131.18	114.93	575.01	585.87	575.01	585.87
	(iii) Exceptional/ Extraordinary Items [(gain)/loss]	(7,720.39)	-	-	(7,720.39)	-	(7,720.39)	-
	Profit Before Tax	7,127.70	(621.06)	(861.14)	5,218.17	(2,751.21)	5,210.12	(3,241.95)
3	Capital Employed (Segment Asset - Segment Liabilities)							
	(a) Tiles	31,803.60	15,825.72	15,993.64	31,803.60	15,993.64	29,316.91	13,547.34
	(b) Aluminium Sections	246.08	240.76	241.22	246.08	241.22	246.08	241.22
	(c) Sanitaryware (Discontinued Operations)	470.12	12,073.70	11,574.31	470.12	11,574.31	470.12	11,574.31
	(d) Realty	4,198.83	4,206.42	4,332.42	4,198.83	4,332.42	4,198.83	4,332.42
	(e) Unallocable	(13,465.35)	(18,941.48)	(18,805.87)	(13,465.35)	(18,805.87)	(13,465.35)	(18,805.87)
	Total	23,253.28	13,405.12	13,335.72	23,253.28	13,335.72	20,766.59	10,889.42

NOTES

1	The above audited financial results for the quarter and year ended March 31, 2017 have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on May 30, 2017
2	The figures of the last quarters are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the financial year.
3	As per AS 17 issued by the Institute of Chartered Accountants of India, the Company has four reportable segments namely Tiles, Aluminium Extruded Sections, Sanitaryware (discontinued operation) & Realty.
4	Other Income includes Rental Income and Interest Income
5	The Company has sold/transferred its Sanitaryware Business Undertaking including Land, Building, Plant and Machineries by executing an Agreement to Sale of Assets, on 29th March, 2017. Accordingly the Sanitaryware Business is considered as Discontinued Operations and the above financial statements have been presented for its continuing business which includes Tiles, Aluminium and Realty Division and disclosure is made for discontinued business in compliance with Accounting Standard 24 (AS 24) issued by ICAI. The Company has restated all the prior period financial statements presented above in compliance with AS 24 for the continuing operations.
6	The exceptional item includes the profit on sale/disposal of fixed assets of Sanitaryware Business Undertaking and Land. It also includes the cessation of liability on account of settlement of debts with some of the lenders on one time settlement basis.
7	The Company's financing arrangements have expired and the amount outstanding was overdue for repayment for more than three years. Some of the lenders have initiated legal proceedings against the Company for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s.13(4) of the SARFAESI Act, 2002. However the Company has been able to renegotiate with the secured lenders and arrive at a amicable settlement of its debt. The Company has made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. In view of the above settlement, the Company has not provided the interest on the outstanding dues payable as per the settlement terms on the outstanding agreed amount of settlement amounting to Rs. 880.11 lakhs for the period ended March 31, 2017. Had the same been accounted for, the net profit (after tax) would have decreased and current liability for the quarter ended and year ended March 31, 2017 would have increased by that amount.
8	The Company's current liabilities exceeds its current assets and net worth of the Company has been fully eroded and the Company had filed application for registration u/s 15 (1) of erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, before the erstwhile Hon'ble Board for Industrial & Financial Reconstruction. Although the Auditors have casted significant doubt on the Company's ability to continue as a going concern and discharge its liabilities in the normal course of business, the above financial results do not disclose the fact that the fundamental accounting assumption of going concern is under doubt. The Company is taking appropriate action to settle its debt and finding amicable solution.
9	The Deferred Tax provision as per AS 22 issued by the Institute Of Chartered Accountants of India has not been made on account of losses and virtual uncertainty of earning future taxable income in the Company.
10	The Company has not obtained balance confirmations from some the creditors, debtors, lenders, loans & advances given parties. Pending receipt of the confirmations of balances and consequential reconciliation / adjustments if any, the resultant impact on the statement is not ascertainable
11	Previous Period/Year's figures have been regrouped / reclassified wherever necessary.

Place : Mumbai
Date : May 30, 2017



For Euro Ceramics Ltd

(Signature)

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

Deepak Maru & Co.

Chartered Accountants

701, 7th Floor, Topiwala Centre,

Goregaon (W), Mumbai - 400062

Tel.: 022- 40161347 / 40161348

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

To

The Board of Directors

Euro Ceramics Limited

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

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

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

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



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

SUBJECT TO THE FOLLOWING:

(a) *We draw attention to Note No.6 & 7 of the financial statements, towards the fact that the Company's financial facilities/arrangements including Term Loans, Working Capital Facilities and Non Fund Based Credit Facilities have expired and the accounts with the Banks have turned into Non Performing Assets since last more than 3 years.*

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



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All the above events indicate a material uncertainty that casts a significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial results do not disclose the fact that the fundamental accounting assumption of going concern has not been followed.

- (b) *Attention is also drawn to the fact that the Company has not provided for impairment or diminishing value of its assets/investment as per 'Accounting Standard 28 - Accounting for Impairment of Assets' as notified under the Companies (Accounting Standards) Rules, 2006 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The effect of such Impairment or diminishing value has not been quantified by the management and hence the same is not ascertainable.*
- (c) *We draw attention to the fact that financial statements are subject to receipt of confirmation of balances from many debtors, loans & advances, investments, banks, sundry creditors and other liabilities. Pending receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the resultant impact on the financial statements is not ascertainable.*
- (d) *We draw attention to the facts that the non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, is not ascertained at this stage which is not in conformity with para14 of Accounting Standard 29-'Provision, Contingent Liabilities and Contingent Assets.*
- (e) *In our opinion and according to the information and explanations given to us, there are no stipulations made regarding repayment of principal amount and interest in respect of loans granted by the Company to parties covered in the register maintained*



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

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

For DEEPAK MARU & CO.

Chartered Accountants

Firm Regn. No.115678W

Jaymin P. Shah
CA Jaymin P. Shah

Partner

(Mem. No.118113)

Place : Mumbai


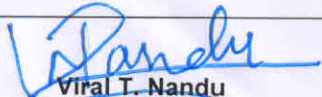
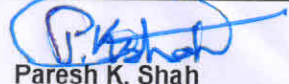

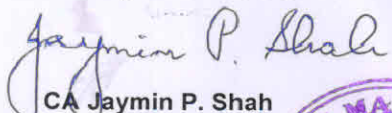
Date: May 30, 2017



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

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

(Rs. In Lakhs)

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



EURO CERAMICS LIMITED

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

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications not quantified by the Auditor	(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
1	The Financial Statement have been prepared on a "going concern" basis, inspite the fact that the Company's financial facilities/arrangements have expired and the same are overdue for repayment and the network of the Company fully eroded and the lenders and creditors have initiated legal proceedings against the Company for recovery.	Qualified	Repeated	Your Directors would like to state that the Company is operational and Manufacturing Marble and employed more than 100 manpower. The Company and its management with its positive efforts sold its fixed assets of sanitaryware business undertaking and land, and settled its debt with many of its secured lenders either on one time settlement basis or deferred payment schedule with some upfront payment as per their terms of compromise settlement. It is also making serious efforts in reviving its tiles division operation. The management has taken and been taking all diligent steps	N.A.	N.A.	N.A.	N.A.



				<p>under legal advice, to defend the Company in all the litigation. Considering the reduction in debt burden and considering the ample opportunities in the market and growth drivers for the industry per say, your Directors are optimistic about the turnaround of the Company with the infusion of the long term funds and working capital fund with support of the lenders.</p>			
2	<p>The Company has not provided for interest on financing facilities amounting to Rs. 880.11 lacs for the year ending March 31, 2017. Had the same been provided, the profit for the year ending March 31, 2017, would have decreased by Rs. 880.11 lacs. The corresponding current liabilities would have increased by Rs. 880.11 lacs as at March 31, 2017.</p>	Qualified	Repeated	<p>The Company has settled its debts with secured lenders either on one time settlement basis or compromise settlement with defer payment schedule with some upfront payment as per the terms of sanction. In view of the present settlement with the lenders, the Company has not provided for interest to the tune of Rs. 880.11 (calculated based on last sanction letters in hand) on financing facilities, for the year ending March 31, 2017.</p>			
3	<p>The Company has not provided for impairment or diminishing value of its</p>	Qualified	Repeated	<p>The Company has made the provisions for diminution in the value of its investments/assets wherever</p>			



<p>assets/ investment as per "Accounting Standard 28-Accounting for Impairment of Assets" as notified under the Companies (Accounting Standards) Rules, 2006 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The effect of such Impairment or diminishing value has not been quantified by the management and hence the same is not ascertainable.</p>			<p>required. Management has a policy to maintain the assets and keep them in working condition, so that its value does not get affected in long run. The management is optimistic about realizing the value of its Assets / Investments nearest to its carrying value, and there is no further diminution in the value of its assets / investment other than depreciation /amortization provided for.</p>			
<p>4 That financial statements are subject to receipt of confirmation of balances from many debtors, loans & advances, investments, banks, sundry creditors and other liabilities. Pending receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the</p>	<p>Disclaimer Qualification</p>	<p>Repeated</p>	<p>Your management would like to state that the Company is in the process of obtaining the confirmations from debtors, creditors, lenders and loans advances in routine course of business and have obtained from some of them. The reconciliations are made and the effects have been given in the books of accounts wherever required.</p>			



	resultant impact on the financial statements is not ascertainable.						
5	The non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, is not ascertained at this stage which is not in conformity with para14 of Accounting Standard 29-'Provision, Contingent Liabilities and Contingent Assets.	Disclaimer Qualification	Repeated	The Company is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act	NA	NA	NA
6	In our opinion and according to the information and explanations given to us, there are no stipulations made regarding repayment of principal amount and interest in respect of loans granted by the Company to parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence we are unable to comment as to regularity of	Disclaimer Qualification	Repeated	The management would like to state that the loans and advances are given in the normal course of business to a firm where the Company is a partner with majority share.	NA	NA	NA



7	<p>repayments of principal and interest amount.</p> <p>The Company has given guarantee for loans taken by its subsidiary from bank. The terms and conditions of the same are not prejudicial to the interest of the Company. The said subsidiary has been continuously incurring losses and its net worth has been fully eroded and there is substantial doubt whether the said subsidiary would be able to repay its liabilities or realize its assets.</p>	Qualified	Repeated	<p>Your directors would like to state that the management of the subsidiary Company is hopeful of reviving its business with the changing economic scenario and is negotiating with the lender for amicable settlement of its dues.</p>			
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Deepak Maru & Co.

Chartered Accountants

701, 7th Floor, Topiwala Centre,

Goregaon (W), Mumbai – 400062

Tel.: 022- 40161347 / 40161348

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

To,

The Board of Directors

Euro Ceramics Limited

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

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

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



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

(i) include the financial results of the following entities;

(a) Euro Ceramics Limited – Holding Company

(b) Euro Merchandise (I) Limited – Subsidiary Company

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

(iii) give a true and fair view of the consolidated net loss and other financial information for the consolidated results for the year ended 31st March 2017, **SUBJECT TO THE FOLLOWING;**

- a. *We draw attention to Note No.6 & 7 of the financial statements, towards the fact that the Company's financial facilities/arrangements including Term Loans, Working Capital Facilities and Non Fund Based Credit Facilities have expired and the accounts with the Banks have turned into Non Performing Assets since last more than 3 years. Some of the bank lenders have initiated legal proceedings against the Company for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s. 13(4) of the SARFAESI Act, 2002. However the Company has been able to renegotiate with the secured lenders and arrive at a amicable settlement of its debts. The Company has made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. In view of the above settlement, the Company has not provided the interest on the outstanding dues payable as per the settlement terms on the outstanding agreed amount of settlement amounting to Rs. 1,371.33 lakhs for the quarter year ended March 31, 2017. Had the same been accounted for, the net profit (after tax) and would have decreased and current liabilities for the quarter ended and year ended March 31, 2017 would have increased by that amount. In addition to this, the Company has been continuously*



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incurring substantial losses since past few years and as on March 31, 2017, the Company's current liabilities exceed its current assets by Rs. 24,925.20 lakhs. Further, the networth of the Company has fully eroded and the Company had also filed registration u/s. 15(1) of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, before the erstwhile Hon'ble Board for Industrial & Financial Reconstruction. All the above events indicate a material uncertainty that casts a significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial results do not disclose the fact that the fundamental accounting assumption of going concern has not been followed.

- b. Attention is also drawn to the fact that the Group has not provided for impairment or diminishing value of its assets/investment as per 'Accounting Standard 28 – Accounting for Impairment of Assets' as notified under the Companies (Accounting Standards) Rules, 2006 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The effect of such Impairment or diminishing value has not been quantified by the management and hence the same is not ascertainable.*
- c. We draw attention to the fact that the consolidated financial statements are subject to receipt of confirmation of balances many debtors, loans & advances, investments, banks, sundry creditors and other liabilities. Pending receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the resultant impact on the consolidated financial statements is not ascertainable.*
- d. We draw attention to the facts that the non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, in the consolidated financial statement which is not ascertained at this stage and which is not in conformity with para 14 of Accounting Standard 29- 'Provision, Contingent Liabilities and Contingent Assets.*



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- e. *In our opinion and according to the information and explanations given to us, there are no stipulations made regarding repayment of principal amount and interest in respect of loans granted by the Company to parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence we are unable to comment as to regularity of repayments of principal and interest amount.*
- f. *According to the information and explanations given to us, the Holding Company has given the guarantee for loans taken by Subsidiary Company from bank. The terms and conditions of the same are not prejudicial to the interest of the Holding Company. However in our opinion the Subsidiary Company has been continuously incurring losses and its net worth has been fully eroded and there is substantial doubt whether the Subsidiary Company would be able to repay its liabilities or realize its assets.*

For DEEPAK MARU & CO.

Chartered Accountants

Firm Regn. No.115678W

Jaymin P. Shah
(CA. Jaymin P. Shah)

Partner

(Mem. No.118113)



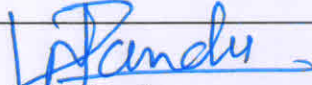


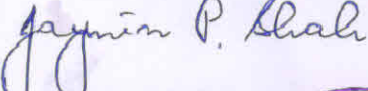
Place: Mumbai

Date: May 30, 2017

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

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

(Rs. In Lakhs)

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



EURO CERAMICS LIMITED

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

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
1	The Financial Statement have been prepared on a "going concern" basis, inspite the fact that the Company's financial facilities/arrangements have expired and the same are overdue for repayment and the network of the Company fully eroded and the lenders and creditors have initiated legal proceedings against the Company for recovery.	Qualified	Repeated	Your Directors would like to state that the Company is operational and Manufacturing Marble and employed more than 100 manpower. The Company and its management with its positive efforts sold its fixed assets of sanitaryware business undertaking and land, and settled its debt with many of its secured lenders either on one time settlement basis or deferred payment schedule with some upfront payment as per their terms of compromise settlement. It is also making serious efforts in reviving its tiles division operation. The management has taken and been taking all diligent steps	N.A.	N.A.	N.A.





				<p>under legal advice, to defend the Company in all the litigation. Considering the reduction in debt burden and considering the ample opportunities in the market and growth drivers for the industry per say, your Directors are optimistic about the turnaround of the Company with the infusion of the long term funds and working capital fund with support of the lenders.</p>			
2	<p>The Company has not provided for interest on financing facilities amounting to Rs. 1371.33 lakhs for the year ending March 31, 2017. Had the same been provided, the profit for the year ending March 31, 2017, would have decreased by Rs. 1371.33 Lakhs . The corresponding current liabilities would also have increased by Rs. 1371.33 lakhs as at March 31, 2017.</p>	Qualified	Repeated	<p>The Company has settled its debts with secured lenders either on one time settlement basis or compromise settlement with defer payment schedule with some upfront payment as per the terms of sanction. In view of the present settlement with the lenders, the Company has not provided for interest to the tune of Rs. 880.11 (calculated based on last sanction letters in hand) on financing facilities, for the year ending March 31, 2017</p>			
3	<p>The Company has not provided for impairment or diminishing value of its</p>	Qualified	Repeated	<p>The Company has made the provisions for diminution in the value of its investments/assets wherever</p>			



<p>assets/ investment as per "Accounting Standard 28-Accounting for Impairment of Assets" as notified under the Companies (Accounting Standards) Rules, 2006 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The effect of such Impairment or diminishing value has not been quantified by the management and hence the same is not ascertainable.</p>	<p>Disclaimer Qualification</p>	<p>Repeated</p>	<p>required. Management has a policy to maintain the assets and keep them in working condition, so that its value does not get affected in long run. The management is optimistic about realizing the value of its Assets / Investments nearest to its carrying value, and there is no further diminution in the value of its assets / investment other than depreciation /amortization provided for.</p>			
<p>4 That financial statements are subject to receipt of confirmation of balances from many debtors, loans & advances, investments, banks, sundry creditors and other liabilities. Pending receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the</p>	<p>Disclaimer Qualification</p>	<p>Repeated</p>	<p>Your management would like to state that the Company is in the process of obtaining the confirmations from debtors, creditors, lenders and loans advances in routine course of business and have obtained from some of them. The reconciliations are made and the effects have been given in the books of accounts wherever required.</p>			



5	The non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, is not ascertained at this stage which is not in conformity with para14 of Accounting Standard 29-'Provision, Contingent Liabilities and Contingent Assets.	Disclaimer Qualification	Repeated	The Company is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act	NA	NA	NA
6	In respect of loans, secured or unsecured, granted by the Company to Companies, firms or other parties covered in the register maintained under section 189 of the Act, there are no stipulations made regarding the repayment of principal amount and interest. Hence we are unable to comment as to regularity of repayments	Qualified	Repeated	Your directors would like to state that the loans and Advances are given in the normal course of business to a firm where your Company is a partner with majority share.			



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

