

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATA CERAMICS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **TATA CERAMICS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.



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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act. We have not obtained declaration from one director.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.



For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

A handwritten signature in black ink, appearing to read "C.R. Rajagopal".

C.R Rajagopal
Partner
(Membership No.23418)

COIMBATORE, 10th August 2017

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

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

We have audited the internal financial controls over financial reporting of **TATA CERAMICS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

Auditor's 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 issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 judgement, 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 authorisations 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, to the best of our information and according to the explanations given to us, 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.



For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

A handwritten signature in black ink that appears to read "Rajagopal".

C.R. Rajagopal
Partner

(Membership No.23418)

COIMBATORE, 10th August 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has maintained records showing particulars of fixed assets, although quantitative details and description of some of the assets are yet to be updated.
 - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) In respect of immovable properties of buildings constructed on land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the company, where the company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
 - (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
 - (iv) The Company has not granted any loans, made investments or provided guarantees or securities covered under section 185 and 186 of the Companies act 2013 and hence reporting under clause (iv) of the Order is not applicable.
 - (v) According to the information and explanations given to us, the company has not accepted deposits falling under the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules made thereunder and hence reporting under clause (v) of the Order is not applicable.
 - (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.
 - (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.



- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax which has not been deposited as on March 31, 2017 on account of disputes are given below: -

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the Amount relates	Amount involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals), Ernakulam.	2001-02 and 2002-03	14,33,934	13,33,934

- (viii) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not borrow from financial institutions or Government and the Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge, and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company has not constituted its audit committee as per Section 177 of the Companies Act, 2013. However, there are no transactions with related parties falling under the provisions of Section 177 and 188 of the Companies Act, 2013.
- In our opinion and according to the information and explanations given to us, the Company has disclosed the details of related party transactions in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.



- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.008072S)



A handwritten signature in black ink that appears to read "Rajagopal".

C.R Rajagopal
Partner

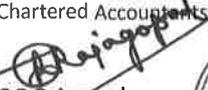
(Membership No.23418)

10th
COIMBATORE, 10th August 2017

TATA CERAMICS LIMITED
Balance Sheet as on March 31, 2017

	Particulars	Note No.	As at March 31,	As at March 31, 2016	As at April 1, 2015
			2017		
			Rs.	Rs	Rs
ASSETS					
1	Non-current assets				
	(a) Property, Plant and Equipment	3A	7,54,14,151	8,42,09,752	6,39,70,606
	(b) Capital work-in-progress	3A	7,64,553	3,05,000	3,05,000
	(c) Other Intangible assets	3B	-	-	1,669
	(d) Financial Assets	4			
	(i) Investments	4.1	5,36,608	5,21,715	5,23,010
	(ii) Other financial assets	4.2	36,022	36,022	36,022
	(e) Other non-current assets	5	12,74,364	40,08,692	42,33,013
	Total Non - Current Assets		7,80,25,698	8,90,81,181	6,90,69,320
2	Current assets				
	(a) Inventories	6	17,85,67,102	19,27,98,787	20,08,01,178
	(b) Financial Assets	7			
	(ii) Trade receivables	7.1	4,06,87,979	4,34,55,885	5,03,43,147
	(iii) Cash and cash equivalents	7.2	68,89,281	1,07,36,527	95,68,857
	(iv) Loans	7.3	12,37,895	10,49,468	12,07,083
	(v) Other financial assets	7.4	9,59,078	17,90,720	11,59,353
	(c) Other assets	8	2,08,12,705	1,28,56,597	2,14,08,489
	Total Current Assets		24,91,54,040	26,26,87,984	28,44,88,107
Total Assets (1+2)			32,71,79,738	35,17,69,165	35,35,57,427
EQUITY AND LIABILITIES					
1	Equity				
	(a) Equity Share capital	9	19,51,99,482	19,51,99,482	19,51,99,482
	(b) Other Equity	10	(25,41,45,426)	(21,80,03,851)	(17,90,90,535)
	Total equity		(5,89,45,944)	(2,28,04,369)	1,61,08,947
LIABILITIES					
2	Non-current liabilities				
	(a) Financial Liabilities	11			
	(i) Borrowings	11.1	13,34,80,780	13,15,59,702	10,63,34,053
	(ii) Other financial liabilities	11.2	59,27,558	10,34,635	8,43,264
	(b) Provisions	12.1	18,35,025	5,14,917	9,45,568
	(b) Other liabilities	12.2	33,14,489	38,30,408	-
	Total Non - Current Liabilities		14,45,57,852	13,69,39,662	10,81,22,885
3	Current liabilities				
	(a) Financial Liabilities	13			
	(i) Borrowings	13.1	13,21,64,672	13,97,85,263	14,81,94,151
	(ii) Trade payables	13.2	9,26,55,924	8,43,24,902	6,94,29,503
	(iii) Other financial liabilities	13.3	63,53,593	61,28,487	6,23,162
	(b) Provisions	14	11,77,577	11,13,474	8,85,476
	(c) Other current liabilities	15	92,16,064	62,81,746	1,01,93,303
	Total Current Liabilities		24,15,67,830	23,76,33,872	22,93,25,595
Total Equity and Liabilities (1+2+3)			32,71,79,738	35,17,69,165	35,35,57,427
See accompanying notes to the financial statements					

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants

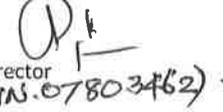

C.R. Rajagopal
Partner



For and on behalf of the Board of Directors


(DIN.00148778)
Chairman


(DIN.06554608)
Managing Director


(DIN.07803462)
Director


CFO & Company Secretary

Place: COIMBATORE
Date: 10/8/2017

Place: BENGALURU
Date: 10, 08, 2017

TATA CERAMICS LIMITED

Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note No.	Year ended	Year ended March
		March 31, 2017	31, 2016
		Rs.	Rs.
I Revenue from operations	16	47,79,89,734	40,21,56,703
II Other Income	17	55,65,953	85,08,145
III Total Revenue (I + II)		48,35,55,687	41,06,64,848
IV EXPENSES			
(a) Cost of materials consumed	18	10,87,61,055	7,93,45,477
(b) Changes in stock of finished goods, work-in-progress	19	1,79,76,581	(32,63,785)
(c) Excise duty on revenue		2,68,78,167	2,10,39,882
(d) Employee benefit expense	20	13,45,18,833	12,60,17,199
(e) Finance costs	21	2,21,40,272	2,47,04,471
(f) Depreciation and amortisation expense	3A	1,07,95,175	1,06,93,950
(g) Other expenses	22	19,75,53,174	19,34,47,915
Total Expenses (V)		51,86,23,257	45,19,85,109
V (Loss) before tax (III - IV)		(3,50,67,570)	(4,13,20,261)
VI Tax Expense			
(1) Current tax		-	-
(2) Deferred tax		-	-
Total tax expense		-	-
VII (Loss) for the year (V + VI)		(3,50,67,570)	(4,13,20,261)
VIII Other comprehensive income/(loss)		(10,74,005)	24,06,945
A (i) Items that will not be recycled to profit or loss			
(a) Remeasurements of the defined benefit liabilities / (asset)		(10,88,898)	24,08,240
(b) Equity instruments through other comprehensive income		14,893	(1,295)
(ii) Income tax relating to items that will not be reclassified to profit or loss			
B (i) Items that may be reclassified to profit or loss			
IX Total comprehensive Income/(Loss) for the year (VII + VIII)		(3,61,41,575)	(3,89,13,316)
X Earnings/(loss) per equity share:	28		
(1) Basic		(0.36)	(0.42)
(2) Diluted		(0.36)	(0.42)

In terms of our report attached.

For Deloitte Haskins & Sells

Chartered Accountants

C.R. Rajagopal
Partner



Place: COIMBATORE

Date: 10/8/2017

For and on behalf of the Board of Directors

Chairman (DIN.00148778) Managing Director (DIN.06554608)
Director (DIN.07803462) CFO & Company Secretary

Place: BENGALURU

Date: 10.08.2017

TATA CERAMICS LIMITED
Statement of cashflows

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Rs.	Rs	Rs	Rs
A. CASH FLOW FROM OPERATING ACTIVITIES				
(Loss) for the year		(3,50,67,570)		(4,13,20,261)
<u>Adjustments for:</u>				
Depreciation and amortisation expenses	1,07,95,175		1,06,93,950	
(Profit) / loss on sale / write off of assets	2,24,227		-	
Finance costs	2,21,40,272		2,47,04,471	
Interest income	(3,14,517)		(3,26,253)	
Dividend income	(6,105)		(5,735)	
Liabilities / provisions no longer required written back	(7,55,077)		(40,51,275)	
Income from Government grant	(5,28,529)		(3,96,249)	
Allowance for/(reversal of) doubtful trade receivables and advances	6,80,320		(5,43,402)	
Provision for sales tax	64,103		2,36,591	
Net unrealised exchange (gain) / loss	(9,92,511)		11,691	
		3,13,07,358		3,03,23,789
Operating profit / (loss) before working capital changes		(37,60,212)		(1,09,96,472)
<u>Changes in working capital:</u>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Financial Assets				
Trade receivables	21,66,201		74,48,666	
Loans	(1,88,427)		1,57,615	
Other financial assets (current)	8,54,976		(7,00,902)	
Margin money deposits	(2,24,585)		(2,50,241)	
Non-financial assets				
Inventories	1,42,31,685		80,02,391	
Other assets - Non-current	16,97,604		(1,19,162)	
Other assets - current	(80,11,674)		85,51,892	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Financial liabilities				
Trade payables	92,29,049		1,90,02,814	
Other liabilities - Non-current	38,04,025		25,99,611	
Other liabilities - current	(22,140)		(2,901)	
Non-financial liabilities				
Provisions - Non-current	13,20,108		(4,30,651)	
Provisions - current	-		(8,593)	
Other liabilities - current	30,36,561		(39,11,557)	
		2,78,93,383		4,03,38,982
Cash generated from operations		2,41,33,171		2,93,42,510
Net income tax (paid) / refunded		(27,646)		84,353
Net cash flow from / (used in) operating activities (A)		2,41,05,525		2,94,26,863
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on property plant and equipment, including capital advances	(16,06,374)		(2,64,45,640)	
Proceeds from sale of fixed assets	-		-	
Interest received	2,91,183		3,95,788	
Dividend received	6,105		5,735	
Net cash flow from / (used in) investing activities (B)		(13,09,086)		(2,60,44,117)



TATA CERAMICS LIMITED
Statement of cashflows (Contd...)

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Rs.	Rs	Rs.	Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from non-current borrowings	11,85,318		2,38,15,937	
Repayment of non-current borrowings	(50,00,000)		-	
Increase / (decrease) in working capital borrowings	(68,96,198)		(84,94,718)	
Finance costs paid	(1,61,57,266)		(1,77,86,533)	
Net cash flow from / (used in) financing activities (C)		(2,68,68,146)		(24,65,314)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(40,71,707)		9,17,432
Add: Cash and cash equivalents at the beginning of the year		65,34,763		56,17,334
Add / (Less): Effect of exchange differences on restatement of foreign currency cash and cash equivalents		(124)		(3)
Cash and cash equivalents at the end of the year *		24,62,932		65,34,763
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 7.2)		68,89,281		1,07,36,527
Less: Bank balances not considered as cash and cash equivalents, as defined in Ind AS 7 Cash Flow Statements:				
(i) In earmarked accounts				
- Margin money deposits		(44,26,349)		(42,01,764)
Cash and cash equivalents as per Cash Flow Statement		24,62,932		65,34,763
* Comprises:				
(a) Cash on hand	52,829		73,439	
(b) Cheques/Drafts on Hand	-		5,32,599	
(c) Balances with banks:				
(i) In current accounts	24,06,504		59,24,957	
(ii) In EEFC accounts	3,599		3,768	
Total		24,62,932		65,34,763

Corporate Information and Significant Accounting Policies - Notes 1 & 2

In terms of our report attached.

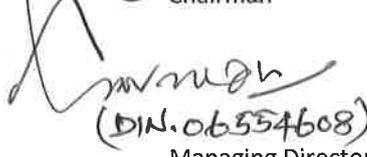
For **Deloitte Haskins & Sells**
Chartered Accountants


C.R. Rajagopal
Partner



For and on behalf of the Board of Directors


Chairman (DIN. 0148778)


Managing Director (DIN. 06554608)


Director (DIN. 07803462)


CFO & Company Secretary

Place: Bangalore / COIMBATORE

Date: 10/08/2017

Place: Bangalore

Date: 10.08.2017

TATA CERAMICS LIMITED

Statement of changes in equity for the year ended March 31, 2017

	Rs. Amount
(a) Equity share capital	
Balance at the April 1, 2015	19,51,99,482
Balance at the March 31, 2016	<u>19,51,99,482</u>
Balance as at April 1, 2016	19,51,99,482
Balance as at March 31, 2017	<u>19,51,99,482</u>

(b) Other equity

Particulars	Equity Portion of preference share capital (Refer note 11.1.(ii))	Reserves and Surplus (refer note 10)		Items of Other Comprehensive Income		Total other equity
		General reserve	Retained earnings / (defecit)	Equity instruments through other comprehensive income	Other items of other comprehensive income	
		Rs.	Rs.	Rs.	Rs.	
Balance as at April 1, 2015	3,07,12,321	25,00,000	(21,19,67,507)	3,06,276	(6,41,625)	(17,90,90,535)
Profit/(loss) for the year	-	-	(4,13,20,261)	-	-	(4,13,20,261)
Other comprehensive income (net of taxes)	-	-	-	(1,295)	24,08,240	24,06,945
Balance as at March 31, 2016	3,07,12,321	25,00,000	(25,32,87,768)	3,04,981	17,66,615	(21,80,03,851)
Balance as at April 1, 2016	3,07,12,321	25,00,000	(25,32,87,768)	3,04,981	17,66,615	(21,80,03,851)
Profit/(loss) for the year	-	-	(3,50,67,570)	-	-	(3,50,67,570)
Other comprehensive income (net of taxes)	-	-	-	14,893	(10,88,898)	(10,74,005)
Balance at the March 31, 2017	3,07,12,321	25,00,000	(28,83,55,338)	3,19,874	6,77,717	(25,41,45,427)

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

C.R. Rajagopal
Partner



Place: COIMBATORE
Date: 10/8/2017

For and on behalf of the Board of Directors

Chairman (DIN. 00148778) Managing Director (DIN. 06554608)
Director (DIN. 07803462) CFO & Company Secretary

Place: BANGALURU
Date: 10.8.2017

Note No.	Particulars
1.	<p>Corporate Information</p> <p>Tata Ceramics Limited ("the Company") produces and exports fine-bone china crockery and tableware and also sells the products in the domestic market. The Company was incorporated in 1991 and has its registered office and factory at Cochin Special Economic Zone (CSEZ), Kochi. As per the provisions of the Companies Act, 2013, the Company is a subsidiary of The Tata Power Company Limited.</p>
2.	<p>Significant Accounting Policies</p> <p>This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.</p>
2.1	<p>Basis of accounting and preparation of financial statements</p> <p>(i) Compliance with Ind AS</p> <p>The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.</p> <p>The financial statements up to year ended March 31 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the company under Ind AS. Refer note 34 for an explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.</p> <p>(ii) Historical cost convention</p> <p>The financial statements have been prepared on a historical cost basis, except for the following:</p> <p>(a) certain financial assets and liabilities that are measured at fair value and</p> <p>(b) defined benefit plans – plan assets measured at fair value</p>
2.2	<p>Segment reporting</p> <p>Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.</p> <p>The board of directors of the Company assesses the financial performance and position of the Company, and makes strategic decisions. The board of directors, which has been identified as being the chief operating decision maker.</p>
2.2	<p>Use of estimates</p> <p>The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.</p>
2.3	<p>Inventories</p> <p>Inventories are valued at lower of cost and net realisable value. Cost of raw materials, Packing materials, Stores and Spares and consumables are valued at Cost on First-In-First-Out (FIFO) basis. Value of finished goods and work-in-progress are determined on weighted average cost basis and include appropriate share of overheads. Adequate provision is made for Non moving Inventories</p>



TATA CERAMICS LIMITED
Notes forming part of financial statements

Note No.	Particulars
2.4	<p>Cash and cash equivalents (for purposes of Cash Flow Statement)</p> <p>Cash and cash equivalents comprise cash on hand and demand deposits with banks other than deposits pledged with government authorities and margin money deposits.</p>
2.5	<p>Cash flow statement</p> <p>Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.</p>
2.6	<p>Taxes on income</p> <p>The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate as per the provisions of Income Tax Act, 1961 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.</p> <p>The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.</p> <p>Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.</p> <p>Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.</p> <p>Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.</p>
2.7	<p>Property plant and equipment</p> <p>Property plant and equipment are carried at cost less accumulated depreciation and impairment loss, if any. Cost comprises of purchase price or cost of construction and all other costs attributable to bringing the asset to working condition for the intended use and includes interest and financing costs incurred on funds borrowed specifically for the purpose of construction of asset upto the date when asset is ready for the intended use. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.</p> <p>Gains or losses arising from derecognition of property plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.</p> <p><u>Capital work-in-progress:</u> Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.</p>



Note No.	Particulars
	<p>Depreciable amount for property plant and equipment is the cost of an asset, or other amount substituted for cost, less its estimated residual value.</p> <p>Depreciation on property plant and equipment has been provided under the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:</p> <p style="padding-left: 20px;">Kiln Furniture - 3 years Setters - 3 years</p> <p>Software, an intangible asset, is amortised over the estimated useful life of 3 years under the straight line method.</p> <p>The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.</p>
2.8	<p>Operating Lease</p> <p>Where the company is Lessee:</p> <p>Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals for non-cancellable leases are recognised in the Statement of Profit and Loss on a straight-line basis over the period of lease where the lease payments are structured to increase in line with expected general inflation.</p>
2.9	<p>Revenue recognition</p> <p><u>Sale of goods</u></p> <p>Sales (exports and domestic) are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Domestic sales include excise duty but exclude Value Added Tax (VAT).</p>
2.10	<p>Other income</p> <p><u>Interest</u></p> <p>Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.</p> <p><u>Dividend</u></p> <p>Dividend income is recognized when the company's right to receive dividend is established.</p>
2.11	<p>Employee benefits</p> <p>Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.</p> <p><u>Defined contribution plans</u></p> <p>The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.</p>



Note No.	Particulars
	<p>Defined benefit plans For defined benefit plan, in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme. The gratuity fund is maintained with Life Insurance Corporation of India.</p> <p>Short-term employee benefits The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.</p> <p>Long-term employee benefits Compensated absences, viz., privilege leave and sick leave, which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets, if any, out of which the obligations are expected to be settled. Privilege leave liability is funded with Life Insurance Corporation of India.</p>
2.12	<p>Foreign currency transactions and translations</p> <p>(i) Functional and presentation currency Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.</p> <p>(ii) Transactions and balances Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).</p>
2.13	<p>Earnings per share</p> <p>Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.</p>
2.14	<p>Provisions and contingencies</p> <p>A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.</p>



TATA CERAMICS LIMITED
Notes forming part of financial statements

Note No.	Particulars
2.15	<p>Financial Instruments</p> <p>All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, financial liabilities like loans and borrowings and payables are recognised net of directly attributable transaction costs.</p> <p>For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL) and financial liabilities at amortised cost or FVTPL.</p> <p>The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.</p> <p>1) Non-derivative financial assets</p> <p>(i) Financial assets at amortised cost</p> <p>A financial asset shall be measured at amortised cost if both of the following conditions are met:</p> <p>(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and</p> <p>(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.</p> <p>They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.</p> <p>Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.</p> <p>2) Equity instruments at FVTOCI</p> <p>All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.</p> <p>If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss.</p>



Note No.	Particulars
	<p>3) Financial assets at FVTPL FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL In addition the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.</p> <p>b) Non-derivative financial liabilities (i) Financial liabilities at amortised cost Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.</p> <p>(ii) Financial liabilities at FVTPL Financial liabilities at FVTPL are measured at fair value with all changes recognised in the statement of profit and loss.</p>
2.16	Impairment
(a)	<p>Financial Assets In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.</p> <p>Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12-months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:</p> <p>i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.</p> <p>(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.</p> <p>As practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed.</p> <p>ECL impairment loss allowance (or reversal) recognised during the year is recognised as income/expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:</p> <p>Financial assets measured at amortised cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.</p>



Note No.	Particulars
(b)	<p>Non-financial assets</p> <p>The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.</p> <p>An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.</p> <p>The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").</p>
2.17	<p>Government grants</p> <p>Grants from the government are recognised when there is reasonable assurance that:</p> <p>(i) the Company will comply with the conditions attached to them; and</p> <p>(ii) the grant will be received.</p> <p>Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognized as income over the expected useful life of the asset.</p>
2.17	<p>Excise Duty</p> <p>Excise duty is applicable to the company only in respect of goods sold in the Domestic Tariff Area (DTA). Quantity of goods meant for sale in DTA is not identified separately and hence provision for excise duty on finished goods in stock at the Balance Sheet date is not made. However, this does not have any impact on the results for the year.</p>
2.18	<p>Operating cycle</p> <p>Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.</p>



TATA CERAMICS LIMITED

Notes to the financial statements for the year ended March 31, 2017

3A Property Plant and equipment and capital work-in-progress

Carrying amounts of	As at March 31 2017	As at March 31 2016	As at April 1 2015
	Rs.	Rs.	Rs.
<u>Buildings *</u>			
Factory buildings	2,16,43,807	2,43,58,009	2,68,64,396
Others	28,66,037	30,14,137	27,66,871
<u>Plant and Machinery</u>			
Continuous process plants	1,81,00,229	2,10,09,273	48,67,448
Others	2,85,97,426	3,26,02,718	2,65,90,045
Furniture and fittings	11,13,739	11,73,172	12,28,378
Motor vehicles	2,16,883	3,37,704	4,58,973
Office equipments	70,465	1,99,806	2,33,903
<u>Computers and Data Processing Units</u>			
Servers and networks	53,231	1,12,685	1,72,390
Others	1,49,664	2,33,389	3,52,494
Electrical installations and equipment	26,02,670	11,68,859	4,35,708
	7,54,14,151	8,42,09,752	6,39,70,606
Capital work-in-progress	7,64,553	3,05,000	3,05,000
	7,61,78,704	8,45,14,752	6,42,75,606



Description of Assets	Buildings*		Plant and Equipment		Furniture and fittings	Motor Vehicles	Office equipments	Computers and Data Processing Units		Electrical installations and equipment	Total
	Factory	Others	Continuous process	Others				Servers and networks	Others		
					Rs.	Rs.	Rs.			Rs.	Rs.
I. Cost/Deemed cost											
Balance as at April 1, 2015 (Deemed cost)	2,68,64,396	27,66,871	48,67,448	2,65,90,045	12,28,378	4,58,973	2,33,903	1,72,390	3,52,494	4,35,708	6,39,70,606
Additions	-	3,90,780	2,32,33,326	63,11,561	92,258	-	-	77,311	77,311	8,26,191	3,09,31,427
Disposals			(57,39,345)								(57,39,345)
Balance as at March 31, 2016	2,68,64,396	31,57,651	2,23,61,429	3,29,01,606	13,20,636	4,58,973	2,33,903	1,72,390	4,29,805	12,61,899	8,91,62,688
Additions				3,75,425	95,252		7,023		77,965	16,68,136	22,23,801
Disposals	(2,65,528)	-	-	-	-	-	-	-	-	-	(2,65,528)
Balance as at March 31, 2017	2,65,98,868	31,57,651	2,23,61,429	3,32,77,031	14,15,888	4,58,973	2,40,926	1,72,390	5,07,770	29,30,035	9,11,20,961
II. Accumulated depreciation and impairment											
Balance as at April 1, 2015	-	-	-	-	-	-	-	-	-	-	-
Depreciation / amortisation expense for the year	25,06,387	1,43,514	26,97,344	46,95,706	1,47,464	1,21,269	34,097	59,705	1,96,416	90,379	1,06,92,281
Other adjustments			43,94,157	(43,96,818)						2,661	-
Eliminated on disposal of assets			(57,39,345)								(57,39,345)
Balance as at March 31, 2016	25,06,387	1,43,514	13,52,156	2,98,888	1,47,464	1,21,269	34,097	59,705	1,96,416	93,040	49,52,936
Depreciation / amortisation expense for the year	24,89,375	1,48,100	29,09,044	43,80,717	1,54,685	1,20,821	1,36,364	59,454	1,61,690	2,34,325	1,07,95,175
Eliminated on disposal of assets	(41,301)	-	-	-	-	-	-	-	-	-	(41,301)
Balance as at March 31, 2017	49,55,061	2,91,614	42,61,200	46,79,605	3,02,149	2,42,090	1,70,461	1,19,159	3,58,106	3,27,365	1,57,06,810
Net block (I-II)											
Balance as at April 1, 2015	2,68,64,396	27,66,871	48,67,448	2,65,90,045	12,28,378	4,58,973	2,33,903	1,72,390	3,52,494	4,35,708	6,39,70,606
Balance as at March 31, 2016	2,43,58,009	30,14,137	2,10,09,273	3,26,02,718	11,73,172	3,37,704	1,99,806	1,12,685	2,33,389	11,68,859	8,42,09,752
Balance as at March 31, 2017	2,16,43,807	28,66,037	1,81,00,229	2,85,97,426	11,13,739	2,16,883	70,465	53,231	1,49,664	26,02,670	7,54,14,151

* - Represents cost of buildings constructed on a leasehold land. The original lease term was for a period of fifteen years from 11th July 1991 to 10th July 2006. On the expiry of the original lease agreement, renewal was made for a period of five years from 11th July 2006 to 10th July 2011. The present lease agreement was executed on 1st July 2011 for a period of fifteen years commencing from 11th July 2011 and ending on 10th July 2026. Lease arrangements are renewable thereafter for further periods by mutual consent.



3B Other intangible assets

Description of Assets	Computer Software
I. Cost	
Balance as at April 1, 2015	15,16,564
Additions	-
Disposals	-
Balance as at March 31, 2016	15,16,564
Additions	-
Disposals	-
Balance as at March 31, 2017	15,16,564
II. Accumulated depreciation and impairment	
Balance as at April 1, 2015	15,14,895
Depreciation / amortisation expense for the year	1,669
Balance as at March 31, 2016	15,16,564
Depreciation / amortisation expense for the year	-
Balance as at March 31, 2017	15,16,564
Net block (I-II)	
Balance as at April 1, 2015	1,669
Balance as at March 31 2016	-
Balance as at March 31 2017	-



TATA CERAMICS LIMITED

Notes to the financial statements for the year ended March 31, 2017

Non-current assets**4 Financial Assets****4.1 Investments**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
I. Quoted Investments (fully paid)			
Investments in Equity Instruments - Others 370 (As at March 31, 2016: 370, As at April 1, 2015: 370) equity shares of Re. 1/- each, fully paid-up, in Hindustan Unilever Limited	3,36,608	3,21,715	3,23,010
Total Quoted Investments	3,36,608	3,21,715	3,23,010
II. Unquoted Investments (fully paid)			
Investments in Equity Instruments - Others 20,000 (As at March 31, 2016: 20,000, and As at April 1, 2015: 20,000) equity shares of Rs.10/- each, fully paid-up, in Kerala Enviro Infrastructure Limited	2,00,000	2,00,000	2,00,000
Total Unquoted Investments	2,00,000	2,00,000	2,00,000
Total Investments	5,36,608	5,21,715	5,23,010
Aggregate amount of quoted investments	3,36,608	3,21,715	3,23,010
Aggregate market value of quoted investments	3,36,608	3,21,715	3,23,010
Aggregate amount of unquoted investments	2,00,000	2,00,000	2,00,000
Aggregate market value of unquoted investments	2,00,000	2,00,000	2,00,000

4.2 Other financial assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
Margin money deposit	36,022	36,022	36,022
Total	36,022	36,022	36,022

5 Other non-current assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
Prepaid expenses	-	16,97,604	13,05,042
Capital Advances	1,95,500	12,59,870	15,19,000
Other deposits	8,08,002	8,08,002	10,81,402
Advance tax and Tax deducted at Source (Net)	2,70,862	2,43,216	3,27,569
Total	12,74,364	40,08,692	42,33,013



TATA CERAMICS LIMITED

Notes to the financial statements for the year ended March 31, 2017

Current Assets

6 Inventories

(At lower of cost and net realisable value)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
Raw Materials [Including Goods-in-transit of Rs. Nil (As at March 31, 2016 Rs.3,146,785, As at March 31, 2015 Rs. Nil)]	1,74,29,683	1,54,20,983	2,20,89,822
Work-in-progress	1,01,06,934	70,58,926	1,01,77,551
Finished Goods	14,01,95,540	13,76,58,129	13,12,75,719
Less: Provision for finished goods	(2,35,62,000)	-	-
Packing Materials	47,61,431	30,82,861	37,57,412
Stores and Spares	1,27,04,891	1,32,16,788	1,34,90,679
Consumables	1,68,03,679	1,62,34,156	1,98,83,051
LPG and fuel	1,26,944	1,26,944	1,26,944
Total	17,85,67,102	19,27,98,787	20,08,01,178

7 Financial Assets

7.1 Trade receivables (Unsecured)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
Considered good	4,06,87,979	4,34,55,885	5,03,43,147
Considered doubtful	17,19,158	10,31,923	15,75,438
	4,24,07,137	4,44,87,808	5,19,18,585
Less: Allowance for doubtful trade receivables	(17,19,158)	(10,31,923)	(15,75,438)
	4,06,87,979	4,34,55,885	5,03,43,147
Total	4,06,87,979	4,34,55,885	5,03,43,147

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward- looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed. The Company estimates the following matrix at the reporting date.

	Aging		
	1-90 days	91-180 days	181-360 days
Default rate	9.8%	11.5%	50.4%

Movement in expected credit loss allowance

	For the year ended	
	March 31, 2017	March 31, 2016
	Rs.	Rs.
Balance at the beginning of the year	10,31,923	15,75,438
Movement in expected credit loss on trade receivables calculated at lifetime expected credit losses	6,87,235	(5,43,515)
Balance at the end of the year	17,19,158	10,31,923



TATA CERAMICS LIMITED

Notes to the financial statements for the year ended March 31, 2017

7.2 Cash and Cash Equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
Cash on hand	52,829	73,439	79,593
Cheques/drafts on hand	-	5,32,599	-
(c) Balances with banks :			
(i) In current accounts	24,06,504	59,24,957	55,34,167
(ii) In EEFC accounts	3,599	3,768	3,574
(iii) In earmarked accounts - Margin money deposits	44,26,349	42,01,764	39,51,523
Total	68,89,281	1,07,36,527	95,68,857
Of the above, balances that meet the definition of cash and cash equivalents as per Ind AS 7 <i>Cash Flow Statements</i> is	24,62,932	65,34,763	56,17,334

7.3 Loans*(Unsecured and considered good, unless stated otherwise)*

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
Security Deposits	1,50,000	1,50,000	2,50,000
Employee Advance	10,87,895	8,99,468	9,57,083
Total	12,37,895	10,49,468	12,07,083

7.4 Other financial assets*(Unsecured and considered good, unless stated otherwise)*

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
Accruals:			
Interest accrued on fixed deposits with banks	84,956	61,622	1,31,157
Other Interest accrued	-	7,27,090	-
Contractually reimbursable expenses	8,74,122	10,02,008	10,28,196
Total	9,59,078	17,90,720	11,59,353

8 Other Assets*(Unsecured and considered good, unless stated otherwise)*

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
Prepaid expenses	28,57,122	31,32,574	31,42,604
Balances with government authorities:			
- Service tax credit receivable	27,92,011	36,84,897	47,20,134
- VAT credit receivable	17,07,505	6,71,788	39,13,029
- Duty Drawback Receivable	96,14,834	-	-
Advance to Suppliers			
Unsecured, considered good	38,41,233	53,67,338	96,32,722
Doubtful	10,12,779	10,19,694	10,19,581
	48,54,012	63,87,032	1,06,52,303
Less: Provision for doubtful advances	(10,12,779)	(10,19,694)	(10,19,581)
	38,41,233	53,67,338	96,32,722
Total	2,08,12,705	1,28,56,597	2,14,08,489



TATA CERAMICS LIMITED
Notes forming part of the financial statements

9 Equity Share Capital

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at April 1, 2015	
	Number of shares	Rs.	Number of shares	Rs.	Number of shares	Rs.
(a) Authorised:						
(i) Equity Share Capital						
Equity shares of Rs.2/- each	19,03,78,000	38,07,56,000	19,03,78,000	38,07,56,000	19,03,78,000	38,07,56,000
(ii) Preference Share Capital						
Redeemable Non-Cumulative Preference Shares of Rs.100/- each	74,92,440	74,92,44,000	74,92,440	74,92,44,000	74,92,440	74,92,44,000
7.25% Redeemable Cumulative Convertible Preference Shares of Rs.100/- each	12,00,000	12,00,00,000	12,00,000	12,00,00,000	12,00,000	12,00,00,000
Total	19,90,70,440	1,25,00,00,000	19,90,70,440	1,25,00,00,000	19,90,70,440	1,25,00,00,000
(b) Issued, Subscribed and Fully paid-up:						
(i) Equity Share Capital						
Equity shares of Rs. 2/- each	9,75,99,741	19,51,99,482	9,75,99,741	19,51,99,482	9,75,99,741	19,51,99,482
Total	9,75,99,741	19,51,99,482	9,75,99,741	19,51,99,482	9,75,99,741	19,51,99,482

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares	Rs.	Number of shares	Rs.	Number of shares	Rs.
Equity shares of Rs. 2/- each	9,75,99,741	19,51,99,482	9,75,99,741	19,51,99,482	9,75,99,741	19,51,99,482
At the beginning of the year						
Add: Issued during the year						
Outstanding at the end of the year	9,75,99,741	19,51,99,482	9,75,99,741	19,51,99,482	9,75,99,741	19,51,99,482

(ii) Terms / rights attached to the Equity Shares:

The Company has issued only one class of equity share having a face value of Rs. 2/- per share. The holder of each equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution to all preferential creditors and other creditors, in the order of priority. The distribution will be in proportion to the number of equity shares held by shareholders.

(iii) Details of shareholders holding more than 5% of the share capital:

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares held	% of holding	Number of shares held	% of holding	Number of shares held	% of holding
Tata International Limited	3,95,64,942	40.54	3,95,64,942	40.54	3,95,64,942	40.54
The Tata Power Company Limited	91,10,000	9.33	91,10,000	9.33	91,10,000	9.33
AF-Taab Investment Company Limited	2,08,29,802	21.34	2,08,29,802	21.34	2,08,29,802	21.34
TIFCO Holdings Limited	1,54,29,480	15.81	1,54,29,480	15.81	1,54,29,480	15.81



10 Other Equity

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
General reserve			
This represents appropriation of profit by the Company.	2,500,000	2,500,000	2,500,000
Retained earnings/(deficit)	(288,355,338)	(253,287,768)	(211,967,507)
Retained earnings/(deficit) comprise of the Company's current and prior years' undistributed earnings after taxes or accumulated losses.			
Equity component of Redeemable cumulative convertible preference shares	30,712,321	30,712,321	30,712,321
(Refer Note 11.1.(ii))			
Equity instruments through other comprehensive income	319,874	304,981	306,276
Changes in the fair value of equity instruments is recognized in equity instruments through other comprehensive income (net of taxes), and presented within other equity.			
Other items of other comprehensive income	677,717	1,766,615	(641,625)
Other items of other comprehensive income consist of fair value changes on FVTOCI financial assets and re-measurement of net defined benefit liability/asset.			
	(254,145,426)	(218,003,851)	(179,090,535)



TATA CERAMICS LIMITED
Notes forming part of the financial statements

Non-current Liabilities

11 Financial Liabilities

11.1 Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
(a) Term Loans (Refer Note (i) below) From Punjab National Bank - Secured	1,88,81,408	2,26,96,090	38,80,153
(b) Debt portion of preference share capital (refer note (ii) below) - Unsecured Redeemable Cumulative Convertible Preference Shares of Rs.100/- each	11,45,99,372	10,88,63,612	10,24,53,900
Total	13,34,80,780	13,15,59,702	10,63,34,053

(i) Details of terms of repayment and security provided in respect of secured term loans:

Terms of repayment and security	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Secured	Secured	Secured
Term loan of Rs. 500 lakhs is secured by way of (a) First charge on the entire fixed assets of the company including Immovable Property leased to the company by CSEZ, as plot No.26 , 27, 28 and 29; and (b) Paripassu charge on current assets of the company both present & future. The loan is to be repaid in 24 quarterly installments of Rs. 12.50 lakhs each starting from 01.04.2016 to 31.03.2017 ; Rs. 25 lakhs each from 01.04.2017 to 31.03.2021 and Rs. 12.50 lakhs each starting from 01.04.2021 to 31.03.2022 with the first installment due on 30.06.2016 and the last installment falling due during quarter ending 31.03.2022. Interest rate is 11.75 % p.a. (floating).	1,88,81,408	2,26,96,090	38,80,153



TATA CERAMICS LIMITED

Notes forming part of the financial statements

(ii) Terms / rights attached to the Preference Shares:

The Company has issued only one class of Preference Shares, viz., 1,200,000 Redeemable Cumulative Convertible Preference Shares ('RCCPS'), having a face value of Rs. 100/- per share (Amounting to Rs.120,000,000). Terms of issue of this class of Preference Shares are: (1) the holder of each RCCPS shall be entitled for a dividend of 7.25%, which shall be cumulative for the first 10 years from the date of allotment; and (2) these RCCPS shall be convertible into Equity Shares at the option of the holder, at fair value at the time of conversion, subject to necessary approvals, if required.

The arrears of fixed cumulative dividend on Redeemable Cumulative Convertible Preference Shares as at March 31, 2017 is Rs.32,916,986/- (As at March 31, 2016: Rs.24,216,986/-) (As at April 1, 2015: Rs.15,516,986/-)

Details of shareholders holding more than 5% of the preference share capital:

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares held	% of holding	Number of shares held	% of holding	Number of shares held	% of holding
AF-Taab Investment Company Limited	5,00,000	41.67	5,00,000	41.67	5,00,000	41.67
Tata Power Trading Company Limited	3,00,000	25.00	3,00,000	25.00	3,00,000	25.00
Chemical Terminal Trombay Limited	4,00,000	33.33	4,00,000	33.33	4,00,000	33.33

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares as at the balance sheet date.

The Redeemable Cumulative Convertible Preference Shares ('RCCPS') of Rs. 100/- each are convertible at the option of the shareholder at fair value at the time of conversion. Hence, the number of equity shares reserved for issue against conversion of RCCPS can not be ascertained at the balance sheet date. These are redeemable at the option of the Company.

Under Ind AS these RCCPS are considered as compound financial instruments. The debt component is measured by discounting the contractually determined stream of future cashflows (dividend and principal) to present value using an effective interest rate of 11.75% for a period of 10 years. Interest on such debt component of the preference shares are recognised year on year in the statement of profit and loss at effective interest rate of 11.75%.

11.2 Other financial liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
(a) Liability towards funded gratuity scheme	59,27,558	10,34,635	8,43,264
Total	59,27,558	10,34,635	8,43,264

12.1 Provisions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
(a) Provision for employee benefits Provision for compensated absence	18,35,025	5,14,917	9,45,568
Total	18,35,025	5,14,917	9,45,568

12.2 Other liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
Deferred revenue - Government grant*	33,14,489	38,30,408	-
Total	33,14,489	38,30,408	-

*Customs duty waived by the Government on import of Property plant and equipment is treated and government grant and such grant is grossed up in PPE and depreciated over the useful life of such PPEs. The amount of grant is treated as deferred revenue expenditure and are recognised as income over the useful life of such PPEs.



TATA CERAMICS LIMITED
Notes forming part of the financial statements

Current Liabilities

13 Financial Liabilities

13.1 Borrowings (Secured)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
(a) Cash credit from banks (Secured) (Refer Notes 1 and 2 below)	3,49,23,344	93,64,687	58,63,718
(b) Export packing credit from banks (Secured) (Refer Note 1 below):			
(i) Foreign currency loans (Refer Note 3 below)	2,17,43,887	71,96,477	2,40,06,403
(ii) Indian rupee loans (Refer Note 4 below)	7,54,97,441	12,32,24,099	11,83,24,030
Total	13,21,64,672	13,97,85,263	14,81,94,151

Note 1

Cash credit facility and export packing credit facility are secured by hypothecation of stock of raw materials, work-in-progress, finished goods, trade receivables and other current assets, and pari-passu charge on the entire fixed assets of the Company.

Note 2

Cash credit facility is repayable on demand and carries interest rate @ 14.35% (Previous Year: 13.50%) per annum.

Note 3

Export packing credit foreign currency loans are repayable within a period of 180- 270 days from the date of avilment of loan and carries interest rate between 3.50% to 4.30% (Previous Year: 3.50% to 4.30%) per annum.

Note 4

Export packing credit Indian rupee loans are repayable within a period of 180-270 days from the date of avilment of loan and carries interest rate between 7.35% to 10.35% (Previous year: Between 7.35% to 9.25%) per annum.

13.2 Trade payables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
Trade payables Other than acceptances: (Refer Note 24)	9,26,55,924	8,43,24,902	6,94,29,503
Total	9,26,55,924	8,43,24,902	6,94,29,503

13.3 Other financial liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
Current Maturities of Long-term Debt	50,00,000	50,00,000	-
Interest accrued but not due on borrowings	7,55,472	5,08,226	-
Trade / security deposits received	2,93,184	3,22,931	3,00,698
Other liabilities	3,04,937	2,97,330	3,22,464
Total	63,53,593	61,28,487	6,23,162

14 Provisions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
(a) Provision for employee benefits Provision for compensated absences	-	-	8,593
(b) Provision for sales tax (Refer Note 29)	11,77,577	11,13,474	8,76,883
Total	11,77,577	11,13,474	8,85,476

15 Other Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
Statutory remittances	44,79,115	29,26,543	54,81,137
Liability towards funded gratuity scheme	-	-	1,87,673
Advances from customers	47,36,949	33,55,203	45,24,493
Total	92,16,064	62,81,746	1,01,93,303



TATA CERAMICS LIMITED

Notes forming part of the financial statements

16 Revenue from operations

	Particulars	For the year ended	For the year ended
		March 31, 2017	March 31, 2016
		Rs.	Rs.
(a)	Sale of goods		
	Sale of ceramic tablewares	458,101,068	393,479,401
(b)	Other operating revenues	19,888,666	8,677,302
	(Refer Note 1 below)	477,989,734	402,156,703
(c)	Less: Excise duty		
	Total	477,989,734	402,156,703

Note	Particulars	For the year ended	For the year ended
		March 31, 2017	March 31, 2016
		Rs.	Rs.
1	Other operating revenues comprises:		
	Landing charges	1,358,918	1,126,555
	Packing charges	4,211,068	4,281,388
	Palletisation charges	390,548	370,267
	Insurance charges	1,072,016	1,675,751
	Sale of scrap	289,405	271,884
	Duty drawback and other export incentives	12,276,405	-
	Other revenue	290,306	951,457
	Total	19,888,666	8,677,302

17 Other income

Note	Particulars	For the year ended	For the year ended
		March 31, 2017	March 31, 2016
		Rs.	Rs.
(a)	Interest Income	314,517	326,253
	(Refer Note 1 below)		
(b)	Dividend Income from non-current non-trade investments	6,105	5,735
(c)	Exchange gain (net)	3,937,945	3,050,250
(d)	Other non-operating income	1,307,386	5,125,907
	(Refer Note 2 below)		
	Total	5,565,953	8,508,145

Note	Particulars	For the year ended	For the year ended
		March 31, 2017	March 31, 2016
		Rs.	Rs.
1	Interest Income comprises:		
	Interest from financial assets at amortised cost	312,081	316,001
	Interest on loans and advances	2,436	10,252
	Total - Interest Income	314,517	326,253
2	Other non-operating income comprises:		
	Liabilities / provisions no longer required written back	755,077	4,051,275
	Provision for Doubtful Debts written back	-	543,402
	Provision for sales tax reversed (net) (Refer Note 28.6)	-	-
	Income on government grant	528,529	396,249
	Miscellaneous Income	23,780	134,981
	Total - Other non-operating income	1,307,386	5,125,907



18 Cost of materials consumed

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	Rs.	Rs.
Opening stock	1,54,20,983	2,20,89,822
Add: Purchases	11,07,69,755	7,26,76,638
	12,61,90,738	9,47,66,460
Less: Closing stock	1,74,29,683	1,54,20,983
Cost of material consumed	10,87,61,055	7,93,45,477
Material consumed comprises:		
Phospates	5,46,32,894	3,35,44,368
Clay	1,04,73,007	95,39,675
Glaze	1,64,75,741	1,36,91,331
Decal	1,65,64,623	1,31,25,485
Others	1,06,14,790	94,44,618
Total	10,87,61,055	7,93,45,477

19 Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	Rs.	Rs.
Inventories at the end of the year:		
Finished goods	11,66,33,540	13,76,58,129
Work-in-progress	1,01,06,934	70,58,926
	12,67,40,474	14,47,17,055
Inventories at the beginning of the year:		
Finished goods	13,76,58,129	13,12,75,719
Work-in-progress	70,58,926	1,01,77,551
	14,47,17,055	14,14,53,270
Net (increase) / decrease	1,79,76,581	(32,63,785)

20 Employee benefit expenses

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	Rs.	Rs.
Salaries, wages and bonus	11,98,84,630	11,20,51,966
Contributions to provident and other funds	68,46,408	62,95,153
Staff welfare expenses	77,87,795	76,70,080
Total	13,45,18,833	12,60,17,199

21 Finance costs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	Rs.	Rs.
(a) Interest expense on financial liabilities at amortised cost:		
(i) Borrowings	1,52,04,715	1,61,86,743
(ii) Debt portion of Redeemable cumulative convertible preference shares	57,35,760	64,09,712
(iii) Trade payables - Micro and small enterprises	1,36,087	1,60,067
(b) Other borrowing costs	9,40,000	9,67,808
(c) Net Loss on Foreign Currency Transactions and Translation (considered as finance cost)	1,23,710	9,80,141
Total	2,21,40,272	2,47,04,471



TATA CERAMICS LIMITED
Notes forming part of the financial statements

22 Other expenses

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	Rs.	Rs.
Consumption of stores and spare parts	1,06,02,039	1,29,06,656
Consumption of consumables	2,77,74,156	2,67,35,269
Consumption of packing materials	2,99,93,555	2,33,04,900
Power, fuel and water charges	7,68,60,796	7,74,97,973
Rent including lease rentals	53,42,216	52,06,043
Repairs and maintenance - Building	4,29,616	4,37,738
Repairs and maintenance - Machinery	11,70,451	8,71,775
Repairs and maintenance - Others	18,10,503	29,75,514
Insurance	37,56,472	37,21,281
Rates and taxes	11,21,924	14,08,586
Freight and forwarding charges	46,05,396	30,91,722
Communication expenses	3,10,869	3,64,883
Travelling and conveyance	10,69,300	16,87,123
Printing and stationery	30,470	43,337
Sales commission	38,73,870	36,94,392
Legal and professional charges	24,89,778	36,05,006
Technical consultation charges	22,75,399	30,68,920
Payments to auditors (Refer Note 1 below)	8,20,538	8,31,419
Factory expenses	67,94,386	54,37,727
Bank charges	16,02,148	12,24,814
Security charges	24,07,870	21,25,605
Sales Promotion Expenses	89,04,186	1,06,46,805
Selling expenses	18,45,242	11,19,925
Loss on fixed assets sold / scrapped / written off	2,24,227	-
Allowance for doubtful trade receivables and loans and advances	6,80,320	-
Provision for sales tax (net) (Refer Note 30)	64,103	2,36,591
Miscellaneous expenses	6,93,344	12,03,911
Total	19,75,53,174	19,34,47,915

Note 1 - Payments to auditors:

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	Rs.	Rs.
Payments to auditors comprises (net of service tax input credit, where applicable):		
Statutory audit fees	6,00,000	6,00,000
For taxation matters	1,00,000	1,00,000
For other services	1,00,000	1,00,000
Reimbursement of expenses	20,538	31,419
Total	8,20,538	8,31,419



TATA CERAMICS LIMITED
Notes forming part of the financial statements

Additional Information to the financial statements

Note	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
		Rs.	Rs.	Rs.
23	Contingent liabilities and commitments (to the extent not provided for)			
(i)	Contingent liabilities:			
	(a) Income tax demands, pending in appeal	12,43,934	12,43,934	12,43,934
	(b) Labour dispute pending before Hon'ble Labour Court (The Company has a dispute regarding a petition filed by 109 permanent workers of the company before the Hon'ble labour Court praying for computation of Variable DA on a monthly basis as against computation on annual basis, being done by the company. The petitioners claimed Rs.1,938 each towards balance VDA for the period between 01.06.2013 and 31.05.2014.)	2,11,242	2,11,242	2,11,242
(ii)	Commitments:			
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:			
	Tangible assets	-	15,79,315	1,41,20,488
	(b) Open letters of credit for import purchases (Secured by charge over goods covered by the letter of credit.)	1,14,89,777	67,11,640	2,00,90,016
24	Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006			
	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
		Rs.	Rs.	Rs.
	(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	84,64,231	1,00,31,261	73,01,874
	(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	8,30,450	6,94,363	5,34,296
	(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
	(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	1,36,087	1,60,067	28,177
	(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	8,30,450	6,94,363	5,34,296
	(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-	-
Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.				



TATA CERAMICS LIMITED

Notes forming part of the financial statements

Note	Particulars		
25	Employee benefit plans		
25.1.a	<u>Defined contribution plans - provident fund, superannuation fund and employee state insurance</u>		
	The Company makes Provident Fund, Superannuation Fund and Employee State Insurance Scheme contributions for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll cost to fund the benefits. The Company has recognised Rs. 4,950,338/- (Year ended 31 March, 2016 : Rs.4,691,241/-) towards Provident Fund contributions, Rs. 736,258/- (Year ended 31 March, 2016: Rs. 759,791/-) towards Superannuation Fund contributions and Rs. 1,785,760/- (Year ended 31 March, 2016: Rs.1,538,042/-) towards Employees State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these schemes by the Company are at the rates specified in the rules of the schemes.		
25.1.b	<u>Defined benefit plan - gratuity</u>		
	The following table sets out the funded status of the gratuity scheme:		
		For the year ended March 31, 2017	For the year ended March 31, 2016
	Particulars	Rs.	Rs.
	<u>Components of employer expense</u>		
	Current service cost	1,035,617	772,148
	Interest cost	1,099,408	1,059,382
	Expected return on plan assets	(975,213)	(987,409)
	Re-measurement - actuarial (gain)/loss recognised in OCI	3,834,872	(732,472)
	Total expense recognised in the Statement of Profit and Loss	4,994,684	111,649
	<u>Actual contribution and benefit payments for year</u>		
	Actual benefit payments	370,468	702,935
	Actual contributions	101,761	107,951
	<u>Net asset / (liability) recognised in the Balance Sheet</u>		
	Present value of defined benefit obligation	18,842,520	13,224,799
	Fair value of plan assets	12,914,962	12,190,164
	Funded status [Surplus / (Deficit)]	(5,927,558)	(1,034,635)
	Net asset / (liability) recognised in the Balance Sheet (Refer Note 7 (a))	(5,927,558)	(1,034,635)
	<u>Change in defined benefit obligation (DBO) during the year</u>		
	Present value of DBO at beginning of the year	13,224,799	12,856,206
	Current service cost	1,035,617	772,148
	Interest cost	1,099,408	1,059,382
	Actuarial (gains) / losses	3,853,164	(760,002)
	Benefits paid	(370,468)	(702,935)
	Present value of DBO at the end of the year	18,842,520	13,224,799
	<u>Change in fair value of assets during the year</u>		
	Plan assets at beginning of the year	12,190,164	11,825,269
	Expected return on plan assets	975,213	987,409
	Actual company contributions	101,761	107,951
	Actuarial gain / (loss)	18,292	(27,530)
	Benefits paid	(370,468)	(702,935)
	Plan assets at the end of the year	12,914,962	12,190,164
	Actual return on plan assets	993,505	959,879
	Total	12,914,962	12,190,164
	<u>Actuarial assumptions</u>		
	Discount rate	8.00%	8.00%
	Expected return on plan assets	8.25%	8.35%
	Salary escalation	3.35%	1.25%



25.1.c

Defined benefit plan - for long-term compensated absences (Privilege Leave)

The following table sets out the funded status of the privilege leave plan

Particulars	For the year ended	For the year ended
	March 31, 2017	March 31, 2016
	Rs.	Rs.
Components of employer expense		
Current service cost	5,349,761	2,532,510
Interest cost	385,597	272,502
Expected return on plan assets	(317,021)	(275,605)
Re-measurement - actuarial (gain)/loss recognised in OCI	(2,745,974)	(1,675,768)
Total expense recognised in the Statement of Profit and Loss	2,672,363	853,639
Actual contribution and benefit payments for year		
Actual benefit payments	-	-
Actual contributions	97,877	109,880
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	4,681,450	2,145,085
Fair value of plan assets	4,258,232	3,842,689
Funded status [Surplus / (Deficit)]	(423,218)	1,697,604
Net asset / (liability) recognised in the Balance Sheet (Refer Note 14 (d))	(423,218)	1,697,604
Change in defined benefit obligation (DBO) during the year		
Present value of DBO at beginning of the year	2,145,085	2,140,021
Current service cost	5,349,761	2,532,510
Interest cost	385,597	272,502
Actuarial (gains) / losses	(2,745,329)	(1,663,627)
Benefits paid by company directly	(453,664)	(1,136,321)
Present value of DBO at the end of the year	4,681,450	2,145,085
Change in fair value of assets during the year		
Plan assets at beginning of the year	3,842,689	3,445,063
Expected return on plan assets	317,021	275,605
Actual company contributions	97,877	109,880
Actuarial gain / (loss)	645	12,141
Benefits paid	-	-
Plan assets at the end of the year	4,258,232	3,842,689
Actual return on plan assets	317,666	287,746
Total	4,258,232	3,842,689
Actuarial assumptions		
Discount rate	8.00%	8.00%
Expected return on plan assets	8.25%	8.35%
Salary escalation	3.35%	1.25%



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Notes forming part of the financial statements

25 Disclosures under Accounting Standards (contd...)

Note	Particulars					
	The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.					
	The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.					
	Experience adjustments					
	Gratuity	2016-2017 Rs.	2015-2016 Rs.	2014-2015 Rs.	2013-2014 Rs.	2012-2013 Rs.
	Present value of DBO	46,81,450	21,45,085	21,40,021	21,63,677	42,92,207
	Fair value of plan assets	42,58,232	38,42,689	34,45,063	30,59,230	43,98,829
	Funded status [Surplus / (Deficit)]	-4,23,218	16,97,604	13,05,042	8,95,553	1,06,622
	Experience gain / (loss) adjustments on plan liabilities	27,45,329	16,63,627	15,27,551	34,96,088	-14,22,452
	Experience gain / (loss) adjustments on plan assets	645	12,141	30,790	-1,55,005	50,330
	Sensitivity Analysis					
	Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:					
	Particulars	March 31, 2017	March 31, 2016	April 1, 2015		
	Estimate value of obligation if discount rate is taken 1% higher	40,22,121	18,78,819	18,12,372		
	Estimated value of obligation if discount rate is taken 1% lower	54,56,558	24,52,106	25,30,791		
	Maturity profile of defined benefit obligation:					
	Maturity profile, if it ensues	March 31, 2017	March 31, 2016	April 1, 2015		
	W/within 1 year	88,09,236	41,87,319	48,58,907		
	2-3 years	75,52,500	35,89,951	41,19,827		
	3-4 years	69,93,055	33,24,029	37,93,579		
	4-5 years	64,75,051	30,77,804	34,93,167		
	5-10 years	51,40,104	24,43,260	27,27,280		
25.1.d	Actuarial assumptions for long-term compensated absences (Sick Leave)					
	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016			
	Discount rate	8.00%	8.00%			
	Salary escalation	3.35%	1.25%			
	Attrition rate	2.00%	2.00%			
	The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.					
	The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.					



TATA CERAMICS LIMITED
Notes forming part of the financial statements

Note	Particulars		
26	Segment Reporting		
	<u>(a) Primary Business Segment Information</u>		
	The Company's operations relate to only one business segment, viz., manufacture and sale of ceramic tablewares. Accordingly, this is the only reportable business segment.		
	<u>(b) Secondary Geographic Segment Information</u>		
	Geographic Segment	Revenues for the year ended March 31, 2017 Rs.	Segment assets as at March 31, 2017 Rs.
		Capital expenditure incurred during the year ended March 31, 2017 Rs.	
	Outside India	9,35,05,358 (24,72,34,496)	97,93,258 (2,92,51,084)
	India and Others	35,76,06,209 (13,38,82,325)	16,06,374 (1,86,68,790)
	Total	45,11,11,567 (38,11,16,821)	32,69,08,876 (35,15,25,949)
	Note: Previous year's figures are shown in brackets.		



TATA CERAMICS LIMITED
Notes forming part of the financial statements

Note	Particulars		
27	Related party transactions		
A.	Details of related parties:		
	Description of relationship	Name of related parties	
	Ultimate Holding Company	The Tata Power Company Limited	
	Key Management Personnel (KMP)	Mr. V.Govind Raj, Managing Director	
B.	Details of transactions during the year and balance outstanding as at the balance sheet date:		
	Particulars	Related Party	For the year ended March 31, 2017 Rs.
			For the year ended March 31, 2016 Rs.
	Transactions during the year:		
	Remuneration	Mr. V. Govind Raj	89,64,681
	Sale of goods	Mr. V. Govind Raj	4,834
	Sales Return of goods	The Tata Power Company Limited	-
			2,37,148
	Balances as at the year end		
		Mr. V. Govind Raj	-
		The Tata Power Company Limited	-



TATA CERAMICS LIMITED

Notes forming part of the financial statements

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
		Rs.	Rs.
28	Earnings per equity share		
	Profit \ (Loss) attributable to equity shareholders (Rs.)	(3,50,67,570)	-4,13,20,261
	Weighted average number of equity shares (Nos.)	9,75,99,741	9,75,99,741
	Par value per equity share (Rs.)	2.00	2.00
	Earning per share - Basic & Diluted (Rs.)	-0.36	-0.42

Note	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
		Rs.	Rs.	Rs.
29	Deferred tax (liability) / asset			
	The company has significant unabsorbed depreciation and carry forward losses .Deferred tax assets are recognised only to the extent of deferred tax liabilities, since deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.			
	<u>Tax effect of items constituting deferred tax liability</u>			
	Prepaid compensated absences	-	5,24,560	4,03,258
	On difference between book balance and tax balance of fixed assets	52,48,856	3,71,675	-
	Tax effect of items constituting deferred tax liability	52,48,856	8,96,235	4,03,258
	<u>Tax effect of items constituting deferred tax assets</u>			
	On difference between book balance and tax balance of fixed assets	-	-	6,16,451
	Provision for impairment in the value of capital work-in-progress	35,42,478	35,42,478	35,42,478
	Provision for compensated absences and gratuity	23,98,640	4,78,813	6,13,396
	Provision for doubtful debts / advances	5,31,220	3,18,865	8,01,862
	Provision for sales tax	3,63,872	3,44,064	2,70,957
	Carried forward depreciation	7,74,07,316	7,66,83,633	6,92,95,812
	Carried forward business loss	4,19,07,875	3,78,88,091	2,95,78,349
	Tax effect of items constituting deferred tax assets	12,61,51,401	11,92,55,944	10,47,19,305
	Deferred tax asset recognised (to the extent of deferred tax liability recognised above)	52,48,856	8,96,235	4,03,258
	Net deferred tax (liability) / asset	-	-	-

The Company has not created deferred tax assets on the following

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.	Rs.
Unused tax losses which expire in:			
-FY 2016-17	1,09,26,268	1,09,26,268	1,09,26,268
-FY 2017-18	12,88,853	12,88,853	12,88,853
-FY 2018-19	2,69,92,971	2,69,92,971	2,69,92,971
-FY 2019-20	2,77,14,100	2,77,14,100	2,77,14,100
-FY 2021-22	3,99,06,378	3,99,06,378	3,99,06,378

Note	Particulars	As at March 31, 2017	As at March 31, 2016
		Rs.	Rs.
30	Movement in Provisions		
	Provision for sales tax (Refer Note 1 below):		
	Opening balance	11,13,474	8,76,883
	Created during the year	64,103	2,36,591
	Closing balance	11,77,577	11,13,474
	1 Provision for sales tax represents the estimated liability towards extra claims from assessing authorities due to non-receipt of relevant forms from customers in states other the state of Kerala.		



TATA CERAMICS LIMITED
Notes forming part of the financial statements

31 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2017, March 31, 2016 and April 1, 2015 is as follows:

Particulars	Carrying value		Fair value	
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2016
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Amortised cost				
Loans	12,37,895	10,49,468	12,07,083	10,49,468
Trade receivable	4,06,87,979	4,34,55,885	5,03,43,147	4,34,55,885
Cash and cash equivalents	68,89,281	1,07,36,527	95,68,857	1,07,36,527
Other financial assets	9,95,100	18,26,742	11,95,375	18,26,742
FVTOCI				
Investment in equity instruments	5,36,608	5,21,715	5,23,010	5,21,715
Total assets	5,03,46,863	5,75,90,337	6,28,37,472	5,75,90,337
Financial liabilities				
Amortised cost				
Borrowings	27,06,45,452	27,63,44,965	25,45,28,204	27,63,44,965
Trade payables	9,26,55,924	8,43,24,902	6,94,29,503	8,43,24,902
Other financial liabilities	72,81,151	21,63,122	14,66,426	21,63,122
Total liabilities	37,05,82,527	36,28,32,989	32,54,24,133	36,28,32,989

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

- Long-term fixed-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.
- Fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2017 was assessed to be insignificant.
- The fair values of the unquoted equity shares have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility, the probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.



TATA CERAMICS LIMITED
Notes forming part of the financial statements

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Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2017, March 31, 2016 and April 1, 2015.

Particulars	As at	Date of valuation	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value:					
FVTOCI financial assets designated at fair value:					
Investment in equity instruments (quoted)	March 31, 2017 March 31, 2016 April 1, 2015	March 31, 2017 March 31, 2016 April 1, 2015	3,36,608 3,21,715 3,23,010	3,36,608 3,21,715 3,23,010	- - -
Investment in equity instruments (unquoted)	March 31, 2017 March 31, 2016 April 1, 2015	March 31, 2017 March 31, 2016 April 1, 2015	2,00,000 2,00,000 2,00,000	- - -	2,00,000 2,00,000 2,00,000

There have been no transfers among Level 1, Level 2 and Level 3 during the year.



TATA CERAMICS LIMITED

Notes forming part of the financial statements

33 Financial risk management

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The Company uses foreign currency borrowings to mitigate foreign exchange related risk exposures.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of percentage of revenues generated from top customer and top 5 customers:

Particulars	For the year ended	
	March 31	March 31
	2017	2016
	Rs.	Rs.
Revenue from top customer	91,004,432	71,924,412
Revenue from top 5 customers	284,449,350	205,784,537

One customer accounted for more than 10% of the revenue for the year ended March 31, 2017, however two of the customers accounted for more than 10% of the receivables for the year ended March 31, 2017. One customer accounted for more than 10% of the revenue for the year March 31, 2016, however four of the customers accounted for more than 10% of the receivables for the year ended March 31, 2016.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk through credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The working capital position of the Company is given below:

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
	Rs.	Rs.	Rs.
Cash and cash equivalents	6,889,281	10,736,527	9,568,857
Total	6,889,281	10,736,527	9,568,857

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015

Particulars	As at	Contractual maturities		
		Less than 1 year	1-2 years	2 years and above
		Rs.	Rs.	Rs.
Borrowings	March 31, 2017	137,164,672	10,000,000	123,480,780
	March 31, 2016	144,785,263	5,000,000	126,559,702
	April 1, 2015	148,194,151	3,880,153	102,453,900
Trade payables	March 31, 2017	92,655,924	-	-
	March 31, 2016	84,324,902	-	-
	April 1, 2015	69,429,503	-	-
Other financial liabilities	March 31, 2017	1,353,593	5,927,558	-
	March 31, 2016	1,128,487	1,034,635	-
	April 1, 2015	623,162	843,264	-



Foreign Currency risk

The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. dollars, British pound sterling and euros) and foreign currency borrowings (primarily in U.S. dollars, British pound sterling and euros). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company's management meets on a periodic basis to formulate the strategy for foreign currency risk management.

Consequently, the Company management believes that the borrowings in foreign currency and its assets in foreign currency shall mitigate the foreign currency risk mutually to some extent

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2017, March 31, 2016 and April 1, 2015.

Particulars	As at	US\$	Euro	Pound/sterling	Total
		Rs.	Rs.	Rs.	Rs.
Assets					
Trade receivables	March 31, 2017	5,551,757	9,681,507	7,780,708	23,013,972
	March 31, 2016	8,382,717	9,976,287	8,143,326	26,502,330
	April 1, 2015	6,083,951	6,535,070	22,054,069	34,673,090
Cash and cash equivalents	March 31, 2017	3,031	10	558	3,599
	March 31, 2016	3,101	11	656	3,768
	April 1, 2015	2,926	-	638	3,564
Liabilities					
Trade payable	March 31, 2017	4,103,151	319,547	417,105	4,839,803
	March 31, 2016	1,783,989	538,645	364,382	2,687,016
	April 1, 2015	-	582,169	2,599,177	3,181,346
Borrowings	March 31, 2017	3,964,880	12,906,714	4,872,293	21,743,887
	March 31, 2016	3,921,601	3,274,876	-	7,196,477
	April 1, 2015	5,725,806	6,716,717	11,563,872	24,006,395
Net assets/(liabilities)	March 31, 2017	(2,513,243)	(3,544,744)	2,491,868	(3,566,119)
	March 31, 2016	2,680,228	6,162,777	7,779,600	16,622,605
	April 1, 2015	361,071	(763,816)	7,891,658	7,488,913

Interest rate risk

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

6 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
	Rs.	Rs.	Rs.
Total equity attributable to the equity share holders of the company	(58,945,944)	(22,804,369)	16,108,947
As percentage of total capital	-28%	-9%	6%
Current borrowings	132,164,672	139,785,263	148,194,151
Non-current borrowings	138,480,780	136,559,702	106,334,053
Total borrowings	270,645,452	276,344,965	254,528,204
As a percentage of total capital	128%	109%	94%
Total capital (borrowings and equity)	211,699,508	253,540,596	270,637,151

The Company is predominantly debt financed which is evident from the capital structure table.



34 Transition to Ind AS

The Company's financial statements for the year ended March 31, 2017 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2015 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the interim Ind AS financial statements for the year ended March 31, 2017 be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Indian GAAP as at the transition date have been recognized directly in equity at the transition date.

In preparing these financial statements, the Company has availed itself of certain exemptions and exceptions in accordance with Ind AS 101 as explained below:

(a) Exceptions from full retrospective application:

Estimates exception: Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

(b) Exemptions from retrospective application:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(c) Reconciliations:

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101:

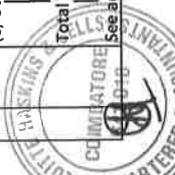
- equity as at April 1, 2015;
- equity as at March 31, 2016;
- total comprehensive income for the year ended March 31, 2016;
- explanation of material adjustments to cash flow statements.



TATA CERAMICS LIMITED
Notes forming part of the financial statements

Reconciliation of Equity	Explanation Note	As at March 31, 2016		As at April 1, 2015			
		Amount as per previous GAAP	Effect of transition to Ind AS	Ind AS	Amount as per previous GAAP	Effect of transition to Ind AS	Ind AS
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ASSETS							
1. Non-current assets	(i)						
(a) Property, Plant, and Equipment		8,03,79,344	38,30,408	8,42,09,752	-	6,39,70,606	
(b) Capital work-in-progress		3,05,000	-	3,05,000	-	3,05,000	
(c) Other intangible assets		-	-	-	-	1,669	
(d) Financial Assets							
(i) Investments		2,16,734	3,04,981	5,21,715	3,06,276	5,23,010	
(iii) Loans		43,201	(43,201)	-	(74,974)	-	
(iv) Other financial assets		36,022	-	36,022	-	36,022	
(e) Other non-current assets		40,08,692	-	40,08,692	(50,000)	42,33,013	
Total Non - Current Assets		8,49,88,993	40,92,188	8,90,81,181	1,81,302	6,90,69,320	
2. Current assets							
(a) Inventories		19,27,98,787	-	19,27,98,787	-	20,08,01,178	
(b) Financial Assets							
(ii) Trade receivables		4,34,55,885	-	4,34,55,885	-	5,03,43,147	
(iii) Cash and cash equivalents		1,07,36,527	-	1,07,36,527	-	95,68,857	
(iv) Loans		10,06,267	43,201	10,49,468	1,24,974	12,07,083	
(v) Other financial assets		17,90,720	-	17,90,720	-	11,59,353	
(c) Other assets		1,28,56,597	-	1,28,56,597	-	2,14,08,489	
Total Current Assets		26,26,44,783	43,201	26,26,87,984	1,24,974	28,44,88,107	
Total Assets (1+2)		34,76,33,776	41,35,389	35,17,69,165	3,06,276	35,35,57,427	
EQUITY AND LIABILITIES							
1. Equity	(i), (ii), (iii), (iv) & (v)						
(a) Equity Share capital		31,51,99,482	(12,00,00,000)	19,51,99,482	(12,00,00,000)	19,51,99,482	
(b) Other Equity		(22,98,68,814)	1,18,64,963	(21,80,03,851)	1,85,02,776	(17,90,90,535)	
Total equity		8,53,30,668	(10,81,35,037)	(2,28,04,369)	(10,14,97,224)	1,61,08,947	
LIABILITIES							
2. Non-current liabilities	(ii)						
(a) Financial Liabilities							
(i) Borrowings		2,33,46,490	10,82,13,212	13,15,59,702	45,30,553	10,63,34,053	
(ii) Other financial liabilities		10,34,635	-	10,34,635	8,43,264	8,43,264	
(b) Provisions		5,14,917	-	5,14,917	9,45,568	9,45,568	
(c) Other Liabilities	(i)	-	38,30,408	38,30,408	-	-	
Total Non - Current Liabilities		2,48,96,042	11,20,43,620	13,69,39,662	63,19,385	10,81,22,885	
3. Current liabilities	(ii)						
(a) Financial Liabilities							
(i) Borrowings		13,97,85,263	-	13,97,85,263	14,81,94,151	14,81,94,151	
(ii) Trade payables		8,43,24,902	2,26,806	8,43,24,902	6,94,29,503	6,94,29,503	
(iii) Other financial liabilities		59,01,681	-	61,28,487	8,10,835	6,23,162	
(b) Provisions		11,13,474	-	11,13,474	8,85,476	8,85,476	
(c) Other current liabilities		62,81,746	-	62,81,746	1,00,05,630	1,01,93,303	
Total Current Liabilities		23,74,07,066	2,26,806	23,76,33,872	22,93,25,595	22,93,25,595	
Total Equity and Liabilities (1+2+3)		34,76,33,776	41,35,389	35,17,69,165	3,06,276	35,35,57,427	

See accompanying notes to the financial statements



TATA CERAMICS LIMITED
Notes forming part of the financial statements

(i) Equity reconciliation:-

Particulars	Explanation Note	As at March 31, 2016 Rs.	As at April 1, 2015 Rs.
Equity under previous GAAP		8,53,30,668	11,76,06,171
Additional depreciation on PPE on account of grossing up of customs duty	(i)	(3,96,249)	-
Income recognised on account of government grant	(i)	3,96,249	-
Loan processing charges netted off against carrying value of loan	(ii)	6,50,400	6,50,400
Additional finance cost of term loan on account of effective interest rate	(ii)	(2,26,806)	-
Fair value of quoted investment	(iv)	3,04,981	3,06,276
Fair value of debt portion of preference shares carved out of equity.	(v)	(8,92,87,679)	(8,92,87,679)
Finance cost on the debt portion of preference shares accounted	(v)	(1,95,75,933)	(1,31,66,221)
Equity as per Ind AS		(2,28,04,369)	1,61,08,947

(ii) Total comprehensive income reconciliation

Particulars	Explanation Note	For the year ended March 31, 2016 Rs.
Net income/(loss) under previous GAAP		(3,22,75,503)
Employee benefits	(iii)	(24,06,945)
Additional depreciation on PPE on account of grossing up of customs duty	(i)	(3,96,249)
Income recognised on account of government grant	(i)	3,96,249
Additional finance cost of term loan on account of effective interest rate	(ii)	(2,26,806)
Fair value of quoted investment	(iv)	(1,295)
Finance cost on the debt portion of preference shares accounted	(v)	(64,09,712)
Others		(4,13,20,261)
Profit for the year under Ind AS		24,06,945
Other comprehensive income	(iii)	24,06,945
Fair value of quoted investment	(iv)	1,295
Total comprehensive income under Ind AS		(3,89,13,316)

(iii) There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.



Explanation notes for Ind AS transition:

- (i) Under Ind AS, unlike previous GAAP, customs duty waived by the Government on import of Property plant and equipment are treated and government grant and such grant is grossed up in PPE and depreciated over the useful life of such PPEs. The amount of grant is treated as deferred revenue expenditure and are recognised as income over the useful life of such PPEs.
- (ii) Under previous GAAP, the Company had charged off certain loan origination/upfront fees paid to the banks for facilitating the term loans, as finance cost in the respective year of incurrence. Under Ind AS, such financial liabilities, classified to be carried at amortised cost basis, have resulted in a change in the current period finance cost (net) with an adjustment to the retained earning balance as of April 01, 2015
- (iii) Under the previous GAAP, actuarial gains or losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains or losses from part of remeasurement of the net defined benefit liability / asset is recognised in other comprehensive income.
- (iv) The Company has made an irrevocable election to present the subsequent changes to the fair value of quoted equity investments in OCI. Accordingly all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss. Under the previous GAAP these investments were recognised at cost.
- (v) Under previous GAAP the Company recognised amounts received towards preference shares under share capital. Under Ind AS such preference shares are considered as compound financial instruments. The liability component is measured by discounting the contractually determined stream of future cashflows (dividend and principal) to present value using an effective interest rate of 11.75% for a period of 10 years. Interest on such debt component of the preference shares are recognised year on year in the statement of profit and loss at effective interest rate of 11.75%.

35 Disclosure on Specified Bank Notes ("SBN")

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash balance as at November 8, 2016	83,000	58,456	1,41,456
Add: Withdrawal from Bank accounts	-	6,16,000	6,16,000
Add: Receipts from Customers	-	3,105	3,105
Add: Receipts from permitted transactions	-	36,007	36,007
Less: Paid for permitted transactions	-	(4,31,348)	(4,31,348)
Less: Petty Cash Expenditure	-	(1,12,349)	(1,12,349)
Less: SBNs deposited in Bank accounts	(83,000)		(83,000)
			-
Closing Balance as at December 30, 2016	-	1,69,871	1,69,871

- i) The Company confirms that the above information is given as per the records available with the Company. The Company has complied with the relevant regulations in this regard.
- ii) SBN shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November, 2016

