

INDEPENDENT AUDITOR'S REPORT

To the Members of Cellaris Refractories India Limited
Chennai

Report on the Financial Statements

We have audited the accompanying financial statements of Cellaris Refractories India Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial



Varma & Varma

Chartered Accountants

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - 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.

Place: Kochi-19

Date: 10.04.2015

For VARMA & VARMA
(FRN:004532S)

Radhesh L. Bhat

(RADHESH. L. BHAT)
Partner
CHARTERED ACCOUNTANTS
Membership No 214229

ANNEXURE REFERRED TO IN PARAGRAPH I UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CELLARIS REFRACTORIES INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2015

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) We are informed that the fixed assets have been physically verified by the management during the year, which, in our opinion is reasonable having regard to the size of the company and the nature of its assets and that no material discrepancies have been noticed on such verification.
2. (a) We are informed that the physical verification of inventory has been conducted by the management at reasonable intervals having regard to the size of the company and the nature of its business.
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are generally reasonable and adequate in relation to the size of the company and the nature of its business.
(c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory and discrepancies noticed on physical verification were properly dealt with in the books of account by the management.
3. According to the information and explanations given to us and the records of the company examined by us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties requiring to be entered in the register in terms of Section 189 of the Companies Act, 2013. Accordingly, the reporting requirements under clauses (iii) (a) and (iii) (b) of the paragraph 3 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal controls.
5. The Company has not accepted any deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the reporting requirements of Sections 73 to 76 or any other relevant reporting requirements of the Companies Act, 2013 and the rules framed thereunder are not applicable.
6. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act for the company at this stage.



Varma & Varma
Chartered Accountants

7. (a) As per the information and explanations furnished to us and according to our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Employee's State Insurance, Income Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other statutory dues as applicable to the Company with the appropriate authorities during the year. We are informed that due to non-allotment of registration number by the appropriate authority, the Company has been unable to remit Provident Fund dues aggregating to Rs 3,24,944/-with the said authority.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no amounts of disputed statutory dues which have not been deposited with appropriate authorities as at March 31, 2015.
- (c) According to the information and explanations given to us and the records of the Company examined by us, there are no amounts required to be transferred to Investor Education and Protection Fund and hence the reporting requirements under clauses (vii) (c) of the paragraph 3 of the Order are not applicable.
8. The accumulated losses of the company are not more than fifty percent of its net worth and the Company has incurred cash losses in the financial year and in the immediately preceding financial year.
9. According to the information and explanations given to us and the records of the Company examined by us, during the year the Company has not taken loans from financial institutions or banks and has not issued debentures and hence reporting requirements under clause (ix) of paragraph 3 of the Order is not applicable.
10. According to the information and explanations given to us and the records of the company examined by us, the company has not given any guarantee for loans taken by others from bank or financial institutions and hence reporting requirements of clause (x) of paragraph 3 of the Order is not applicable.
11. According to the information and explanations given to us and the records of the Company examined by us, the Company has not availed any term loans and hence reporting requirements under clause (xi) of paragraph 3 of the Order are not applicable.
12. To the best of our knowledge and belief and according to the information and explanations given to us and the records of the company examined by us, no fraud either on or by the company, has been noticed or reported during the year.

Place: K OCHI-19

Date: 10.04.2015

For VARMA & VARMA
(FRN:004532S)

Radhesh L. Bhat

(RADHESH. L. BHAT)
Partner
CHARTERED ACCOUNTANTS
Membership No. 214229

CELLARIS REFRACTORIES INDIA LIMITED
PARRY HOUSE NO 43, MOORE STREET, CHENNAI - 600001
BALANCE SHEET AS AT 31.03.2015

(In Rs.)

PARTICULARS	Note No.	As at 31.03.2015	As at 31.03.2014
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	2	13,72,50,000	13,72,50,000
(b) Reserves and Surplus	3	(3,19,84,183)	(53,89,931)
		10,52,65,817	13,18,60,069
2 Current Liabilities			
(a) Short Term Borrowings	4	4,42,00,000	3,57,00,000
(b) Trade Payables -	5	1,25,059	2,96,808
(c) Other Current Liabilities	6	1,91,81,907	1,30,21,460
		6,35,06,966	4,90,18,268
TOTAL		16,87,72,783	18,08,78,337
II ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	7		
(i) Tangible Assets		14,32,82,184	14,86,82,186
(ii) Intangible Assets		2,36,20,108	2,97,73,812
(iii) Capital Work-In-Progress		-	-
(b) Long-Term Loans and Advances	8	-	3,39,150
(c) Other Non-Current Assets	9	75,000	75,000
		16,69,77,292	17,88,70,148
2 Current assets			
a) Inventories	10	7,08,083	7,53,034
b) Trade Receivables	11	-	86,285
c) Cash and Cash Equivalents	12	2,33,294	4,54,027
d) Short Term Loans and Advances	13	7,27,395	7,13,096
e) Other Current Assets	14	1,26,719	1,747
		17,95,491	20,08,189
TOTAL		16,87,72,783	18,08,78,337
Summary of Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board

As per our separate report of even date attached

Director

Director

K. Vishnu Prasad
Company Secretary

For VARMA & VARMA
(FRN: 004532 S)

Radhesh L. Bhat
(RADHESH. L. BHAT)
Partner
CHARTERED ACCOUNTANTS
Membership No. 214229

Kochi-19
10.04.2015

Place: Kochi.
Date: 10.04.2015

CELLARIS REFRACTORIES INDIA LIMITED
PARRY HOUSE NO 43, MOORE STREET, CHENNAI -600001
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2015

(In Rs.)

PARTICULARS		Note No.	Year Ended 31.3.2015	Year Ended 31.3.2014
I	Income			
	Revenue from Operations	15	-	2,05,285
	Other Income	16	7,145	6,599
	Total Revenue		7,145	2,11,884
II	Expenses			
	Cost of Materials Consumed	17	10,901	18,049
	Changes in inventories of Finished goods, Work in Progress and Stock-in- trade	18	(6,960)	5,743
	Employee Benefits Expense	19	23,17,726	4,12,087
	Finance Costs	20	40,35,615	6,19,591
	Depreciation and Amortization Expense	7	1,53,33,232	21,76,662
	Other Expenses	21	49,10,883	10,27,282
			2,66,01,397	42,59,414
III	Loss Before Tax		2,65,94,252	40,47,530
IV	Tax Expense:		-	-
V	Loss for the Period		2,65,94,252	40,47,530
VI	Earnings per Equity Share			
	Nominal value of share Rs. 10/- (Rs. 10/-)	22		
	Basic & Diluted		(1.94)	(0.29)
	Summary of Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board

As per our separate report of even date attached



Director



Director



K. Vishnu Prasad
Company Secretary

For VARMA & VARMA
(FRN:004532 S)



(RADHESH. L. BHAT)
Partner
CHARTERED ACCOUNTANTS
Membership No. 214229

Place : Kochi
Date : 10.04.2015

Kochi-19
10.04.2015

CELLARIS REFRACTORIES INDIA LIMITED
PARRY HOUSE NO 43, MOORE STREET, CHENNAI -600001
Cash Flow Statement for the Year Ended 31.03.2015

(In Rs.)

	Year Ended 31.03.2015	Year Ended 31.03.2014
A. Cash flow from operating activities		
Net Loss before tax and extraordinary items	2,65,94,252	40,47,530
Less: Depreciation	1,53,33,232	21,76,662
Less :Finance costs	40,35,615	6,19,591
Add :Interest Income	7,145	6,599
	(1,93,61,702)	(27,89,654)
Operating Loss before working capital changes	72,32,550	12,57,876
Adjustments for :		
Increase/(Decrease) in Trade Payable	(1,71,749)	2,20,965
Increase/ (Decrease) in Current Liabilities	21,24,832	59,45,862
(Increase)/ Decrease in Inventories	44,951	(7,53,034)
(Increase)/ Decrease in Trade Receivables	86,285	(86,285)
(Increase)/ Decrease in Short Term Loans and Advances	(1,39,271)	(40,411)
	19,45,048	52,87,097
Net Cash Flow from / (used in) Operating activities	(52,87,502)	40,29,221
B. Cash Flow from Investing activities		
Purchase of Fixed Assets, including adjustments in capital advances	(34,40,376)	(2,34,58,786)
Interest received	7,145	6,581
Net Cash Flow from / (used in) Investing activities	(34,33,231)	(2,34,52,205)
C: Cash Flow from Financing activities		
Increase in Short Term Borrowings	85,00,000	2,34,45,769
Repayment of Short Term Borrowings	-	(40,00,000)
Interest paid	-	(1,80,025)
Net Cash Flow from / (used in) Financing activities	85,00,000	1,92,65,744
Net increase/ (decrease) in cash and cash equivalents	(2,20,733)	(1,57,240)
Cash and Cash Equivalents at the beginning of the Period	4,54,027	6,11,267
Cash and Cash equivalents as at the end of the Period	2,33,294	4,54,027
	(2,20,733)	(1,57,240)

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board

As per our separate report of even date attached



Director



Director

K. Vishnu Prasad
Company Secretary

For VARMA & VARMA
(FRN:004532S)


(RADHESH. L. BHAT)
Partner
CHARTERED ACCOUNTANTS
Membership No.214229

Place: KOTHAI
Date: 10.04.2015

KOTHAI
10.04.2015

CELLARIS REFRACTORIES INDIA LIMITED
PARRY HOUSE NO 43, MOORE STREET, CHENNAI -600001

SIGNIFICANT ACCOUNTING POLICIES, NOTES ATTACHED TO AND FORMING PART OF THE
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2015

1. Significant Accounting Policies

a Basis of Accounting

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

c Inventories

Inventories are valued at lower of cost, computed as stated below or net realizable value:

- i. Cost of raw materials and stores and spares is computed on first in first out basis.
- ii. Cost of manufactured goods includes cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

d Revenue Recognition

- (i) Sale of goods is recognized on transfer of property in goods, and significant risks and rewards of ownership to customer.
- (ii) Other income are recognized on accrual basis except when there are significant uncertainties.

e Fixed Assets

Fixed assets are stated at the cost of acquisition, which includes taxes, duties, freight and other incidental expenses incurred for bringing the assets to the working condition required for their intended use, less depreciation and impairment in value, if any, is adjusted.

f Depreciation/Amortisation

Depreciation is provided on Straight Line method on the basis of the useful life prescribed in Schedule II of the Companies Act, 2013. License Fee treated as Intangible assets is amortised for a period of five years, which is its expected useful life.



CELLARIS REFRACTORIES INDIA LIMITED
PARRY HOUSE NO 43, MOORE STREET, CHENNAI -600001

**SIGNIFICANT ACCOUNTING POLICIES, NOTES ATTACHED TO AND FORMING PART OF THE
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2015**

g Employee Benefits

i. Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

ii. Defined Contribution Plans

The company has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are charged to the the statement of profit and loss for the year.

h Taxes on Income

Income tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which include current taxes and deferred taxes. Provision for Current Tax is made in accordance with the provisions of The Income Tax Act, 1961. Deferred tax on account of timing difference between taxable and accounting income is accounted using the tax rates and the tax laws enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognized if there is a virtual certainty that sufficient future taxable income will be available to realize the same. Deferred tax in respect of timing differences which originate and reverse during the tax exemption period are not recognized to the extent the gross total income is subject to the deduction during the tax exemption period.

i Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the year-end. Exchange gain/loss arising during the year are adjusted to the Statement of Profit and Loss.

j Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalized. Other borrowing costs are recognized as expenditure for the period in which they are incurred.

k Earnings per share

Basic/ diluted earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares/ dilutive potential equity shares outstanding as at the end of the year as the case may be.



CELLARIS REFRACTORIES INDIA LIMITED
PARRY HOUSE NO 43, MOORE STREET, CHENNAI -600001

SIGNIFICANT ACCOUNTING POLICIES, NOTES ATTACHED TO AND FORMING PART OF THE
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2015

l Impairment of Assets

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. An asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. Based on such assessment, impairment loss if any is recognized in the statement of profit and loss of the period in which the asset is identified as impaired. The impairment loss recognized in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

m Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent assets are neither recognized nor disclosed in the accounts.



CELLARIS REFRACTORIES INDIA LIMITED
PARRY HOUSE NO 43, MOORE STREET, CHENNAI -600001

NOTES FORMING PART OF FINANCIAL STATEMENTS

2. Share Capital

(In Rs.)

Particulars	As at 31.03.2015	As at 31.03.2014
Authorised		
1,37,25,000 (1,37,25,000) Equity shares of Rs. 10 each	13,72,50,000	13,72,50,000
Issued, Subscribed and fully paid:		
1,37,25,000 (1,37,25,000) Equity shares of Rs. 10 each	13,72,50,000	13,72,50,000
	13,72,50,000	13,72,50,000

2.1. Reconciliation of shares at the beginning and at the end of the financial year

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.
Number of shares as at the beginning of the financial year	1,37,25,000	13,72,50,000	1,37,25,000	13,72,50,000
Add: Shares issued during the year	-	-	-	-
Number of shares as at the end of the financial year	1,37,25,000	13,72,50,000	1,37,25,000	13,72,50,000

2.2. Terms / Rights attached to Equity Shares

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares 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 of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.3. Particulars of shares held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate

Name of the Enterprise	Nature of Relationship	As at 31.03.2015		As at 31.03.2014	
		%	No. of shares	%	No. of shares
M/s Carborundum Universal Limited	Holding Company	100%	1,37,25,000	51%	70,00,000

2.4. Particulars of Shareholders holding more than 5% share in the Company

Particulars	As at 31.03.2015		As at 31.03.2014	
	%	No. of shares	%	No. of shares
M/s Carborundum Universal Limited	100%	1,37,25,000	51%	70,00,000
M/s Cellaris Limited, Israel	-	-	49%	67,25,000

2.5. Particulars of aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash during the period of 5 years immediately preceeding the current date.

Particulars	As at 31.03.2015	As at 31.03.2014	As at 31.03.2013
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Pursuant to technology licence agreement entered into with Cellaris Limited, Israel.

26,30,000



CELLARIS REFRACTORIES INDIA LIMITED
PARRY HOUSE NO 43, MOORE STREET, CHENNAI -600001

NOTES FORMING PART OF FINANCIAL STATEMENTS

3. Reserves and Surplus

Particulars	As at 31.03.2015	As at 31.03.2014
Surplus		
Balance as per last Balance Sheet(Loss)	(53,89,931)	(13,42,401)
Add : Loss for the year as per Statement of Profit and Loss	(2,65,94,252)	(40,47,530)
Total	(3,19,84,183)	(53,89,931)

4. Short Term Borrowings

Particulars	As at 31.03.2015	As at 31.03.2014
Loans and Advances from Related Parties (Unsecured, Refer Note 4.1)	4,42,00,000	3,57,00,000
Total	4,42,00,000	3,57,00,000

4.1. The company has availed Unsecured loan from M/s Carborundum Universal Ltd repayable within 12 months as under:

Rs 2,75,00,000 carrying interest @ 10.50% p.a

Rs 1,67,00,000 carrying interest @ 12.50% p.a

5. Trade Payables

Particulars	As at 31.03.2015	As at 31.03.2014
Trade Payables (Refer Note 5.1)	1,25,059	2,96,808
Total	1,25,059	2,96,808

5.1. The company has initiated the process of identifying the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Based on the information available with the management, there are no overdues including interest outstanding as payable to such suppliers at the year end.



CELLARIS REFRACTORIES INDIA LIMITED
PARRY HOUSE NO 43, MOORE STREET, CHENNAI -600001

NOTES FORMING PART OF FINANCIAL STATEMENTS

7. FIXED ASSETS & CAPITAL WORK IN PROGRESS

(Amount in Rupees)

Particulars	Gross Block (At cost)			DEPRECIATION/IMPAIRMENT			Net Block	
	As at 01-04-2014	Additions	Disposals/ Adjustments	As at 31-03-2015	As at 01-04-2014	For the year	As at 31-03-2015	As at 31-03-2014
FIXED ASSETS:								
(A) Tangible Assets								
Buildings	3,45,72,359	- (3,45,72,359)	-	3,45,72,359 (3,45,72,359)	1,89,816	11,51,553 (1,89,816)	13,41,369 (1,89,816)	3,43,82,543
Plant & Equipment	11,51,75,626	37,79,526 (11,51,75,626)	-	11,89,55,152 (11,51,75,626)	9,55,688	80,11,501 (9,55,688)	89,67,189 (9,55,688)	11,42,19,938
Furniture & Fixtures	98,722	- (98,722)	-	98,722 (98,722)	19,017	16,474 (19,017)	35,491 (19,017)	79,705
Total Tangible Assets	14,98,46,707	37,79,526 (14,98,46,707)	-	15,36,26,233 (14,98,46,707)	11,64,521	91,79,528 (11,64,521)	1,03,44,049 (11,64,521)	14,86,82,186
(B) Intangible Assets								
License Fee	3,07,85,953	- (3,07,85,953)	-	3,07,85,953 (3,07,85,953)	10,12,141	61,53,704 (10,12,141)	71,65,845 (10,12,141)	2,97,73,812
Total Intangible Assets	3,07,85,953	- (3,07,85,953)	-	3,07,85,953 (3,07,85,953)	10,12,141	61,53,704 (10,12,141)	71,65,845 (10,12,141)	2,97,73,812
Total	18,06,32,660	37,79,526 (18,06,32,660)	-	18,44,12,186 (18,06,32,660)	21,76,662	1,53,33,232 (21,76,662)	1,75,09,894 (21,76,662)	17,84,55,998

7.1 Additions include borrowing cost Rs Nil (Rs 33,70,671/-) in accordance with Accounting Standard- 16- "Borrowing Cost" specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

7.2 Additions in current year represents amounts finalised during the year as part of project implementation.



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NOTES FORMING PART OF FINANCIAL STATEMENTS

6. Other Current liabilities (In Rs.)

Particulars	As at 31.03.2015	As at 31.03.2014
Interest accrued but not due on borrowings	70,43,283	34,11,232
Other Payables		
Statutory Dues	5,14,104	3,09,846
Advance towards Supply of Goods	-	25,00,000
Creditors for Capital Goods	-	17,25,270
Other Liabilities	1,16,24,520	50,75,112
Total	1,91,81,907	1,30,21,460

8. Long term loans & advances (In Rs.)

Particulars	As at 31.03.2015	As at 31.03.2014
Unsecured, considered good		
Capital Advances	-	3,39,150
Total	-	3,39,150

9. Other Non-Current Assets (In Rs.)

Particulars	As at 31.03.2015	As at 31.03.2014
Balance with Banks in Deposit Accounts (Refer Note 9.1)	75,000	75,000
Total	75,000	75,000

9.1 Deposits represent Fixed deposit receipt lodged with the Commercial Taxes Department

10. Inventories

Particulars	As at 31.03.2015	As at 31.03.2014
Raw Materials	3,16,206	3,27,107
Work in Progress	1,84,561	1,77,601
Finished Goods	28,560	28,560
Stores and Spares	1,78,756	2,19,766
	7,08,083	7,53,034



11. Trade Receivables

Particulars	As at 31.03.2015	As at 31.03.2014
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
Others (Unsecured, Considered Good)	-	86,285
	-	86,285

12. Cash and Cash Equivalents

(In Rs.)

Particulars	As at 31.03.2015	As at 31.03.2014
Balances with Banks		
- In Current Accounts	2,14,321	4,37,750
Cash on hand	18,973	16,277
Total	2,33,294	4,54,027

13. Short Term Loans and Advances

(In Rs.)

Particulars	As at 31.03.2015	As at 31.03.2014
Unsecured, considered good		
Others:		
Balances with Customs and Central Excise Authorities	6,75,440	7,07,096
Staff Advance	28,200	-
Others	23,755	6,000
Total	7,27,395	7,13,096

14. Other Current Assets

(In Rs.)

Particulars	As at 31.03.2015	As at 31.03.2014
Interest Accrued on Deposits	1,911	1,747
Prepaid Expenses	1,24,808	-
Total	1,26,719	1,747



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15. Revenue from operations

(In Rs.)

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Sale of Products		
Gross Sales	-	2,05,285
Total	-	2,05,285

16. Other Income

(In Rs.)

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Interest Income	7,145	6,599
Total	7,145	6,599

17. Cost of materials consumed

(In Rs.)

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Opening Stock	3,27,107	-
Add: Purchases	-	3,45,156
	3,27,107	3,45,156
Less: Closing Stock	3,16,206	3,27,107
Total	10,901	18,049

18. Change in Inventories of finished goods and work-in-progress

(In Rs.)

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Closing Stock		
Finished Goods	28,560	28,560
Work-in-progress	1,84,561	1,77,601
	2,13,121	2,06,161
Less: Opening Stock		
Finished Goods	28,560	-
Work-in-progress	1,77,601	-
	2,06,161	-
Less: Work-in-progress produced during trial production run		
Work-in-progress	-	2,11,904
	-	2,11,904
	6,960	(5,743)



19.Employee Benefit Expense		(In Rs.)
Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Salaries & Wages	21,95,135	3,70,788
Contribution to Provident and Other Funds	1,15,726	21,997
Staff Welfare Expenses	6,865	19,302
Total	23,17,726	4,12,087

19.1 Disclosures required under Accounting Standard 15 - "Employee Benefits"

Defined Contribution Plans

During the year the following amounts have been recognised in the Statement of Profit and Loss on account of defined contribution plans:

Particulars	Current Year Rupees	Previous Year Rupees
Employers contribution to Provident Fund	87,081	16,146
Employers contribution to Employee's State Insurance	26,034	5,851

20.Finance Costs		(In Rs.)
Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Interest Expense	40,35,615	6,19,591
Total	40,35,615	6,19,591

21. Other Expenses		(In Rs.)
Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Consumption of Store and Spares	10,08,208	92,357
Power and Fuel	19,08,435	5,23,263
Rent	8,73,760	1,45,627
Repairs to -Machinery	6,12,299	95,751
Payment to Auditors (Refer Note 21.1)	1,20,604	1,10,000
Insurance	1,84,569	-
Professional fee	78,828	23,000
Rates & Taxes	73,316	1,750
Foreign Exchange Variation (Net)	1,630	-
Miscellaneous expenses	49,234	35,534
Total	49,10,883	10,27,282



21.1 Payment to Auditors		(In Rs.)
Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
a. Statutory Audit Fess	1,00,000	1,00,000
b. Other services		
- Taxation Matters	15,000	10,000
c. Service Tax	1,564	-
d. Re-imbursement of Expenses	4,040	-
Total	1,20,604	1,10,000

22. Earnings per Equity share		(In Rs.)
Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Loss for the period after tax (Rs.)	2,65,94,252	40,47,530
Weighted Average Number of Equity Shares of Rs. 10/- each (fully paid-up)	1,37,25,000	1,37,25,000
Earnings per Equity share - Basic & Diluted (in Rs.)	(1.94)	(0.29)



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23. The company has not undertaken any commercial activity during the year. As per the decision of the Board of Directors dated 16.11.2014, the company is proposed to be merged with the holding company, M/s Carborundum Universal Limited, in view of which the company is treated as a going concern for the purpose of preparation of financial statements.

24. Deferred Tax

In view of lack of virtual certainty regarding future taxable income/benefits of exemption available to the undertaking under the provisions of the Income Tax Act, 1961, no deferred tax has been recognized in the accounts at this stage.

25. Segment Information

The Company is substantially engaged in the business of manufacture of high temperature refractory insulation products of all kinds including ceramic foams and hence there is only a single reportable segment.

26. Related party disclosures under Accounting Standard - 18

A. Related parties and nature of relationship

Sl.no	Name of the related party	Nature of relationship
1	Carborundum Universal Limited	Enterprise that directly control the Reporting Enterprise (Holding Company)
2	Mr. N Parameswaran	Key Management Personnel (Manager, deputed from Carborundum Universal Limited)
3	Cellaris Limited, Israel	An Associate of the Reporting Enterprise (till 16.10.2014)
4	Southern Energy Development Corporation Limited	Enterprise under common control

B. Description of Transactions

(In Rs.)

Nature of Transaction	Key Management Personnel	Enterprises that directly control the Reporting Enterprise /	An Associate of the Reporting Enterprise (till 16.10.2014)	Enterprises under Common Control	Total
Managerial Remuneration	12,00,000 (12,00,000)	- (-)	- (-)		12,00,000 (12,00,000)
Lease Rent	(-)	8,73,760 (8,73,760)	- (-)		8,73,760 (8,73,760)
Interest on Unsecured Loan	- (-)	40,35,615 (32,31,087)	- (-)	- (2,00,000)	40,35,615 (34,31,087)
Purchase of Capital Goods	- (-)	13,11,605 (23,430)	- (91,735)		13,11,605 (1,15,165)
Expense re-imbursement: - Power and fuel	- (-)	19,08,435 (9,64,732)	- (-)	- (-)	19,08,435 (9,64,732)



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NOTES FORMING PART OF FINANCIAL STATEMENTS

Consultancy Charges paid	-	-	-	-	-
	(-)	(-)	(26,29,171)		(26,29,171)
Labour Charges	-	-	-	-	-
	(-)	(74,200)	(-)	(-)	(74,200)
Sale of Goods	-	-	-	-	-
	(-)	(-)	(86,285)	(-)	(86,285)
Unsecured Loans taken	-	85,00,000	-	-	85,00,000
	(-)	(1,94,45,769)	(-)	(40,00,000)	(2,34,45,769)
Unsecured Loans Repaid	-	-	-	-	-
	(-)	-	(-)	(41,80,000)	(41,80,000)
Closing balance					
Unsecured Loan	-	4,42,00,000	-	-	4,42,00,000
	(-)	(3,57,00,000)	(-)		(3,57,00,000)
Interest Payable	-	70,43,283	-	-	70,43,283
	(-)	(34,11,232)	(-)		(34,11,232)
Lease Rent Payable	-	17,69,364	-	-	17,69,364
	(-)	(9,82,980)	(-)		(9,82,980)
Power charges Payable	-	28,73,167	-	-	28,73,167
	(-)	(9,64,732)	(-)		(9,64,732)
Managerial Remuneration Payable	28,46,304	-	-	-	28,46,304
	(16,17,984)	(-)	(-)		(16,17,984)
Other Payables (including advance received towards supply of goods)	-	41,35,685.00	-	-	41,35,685
	(-)	(46,01,940)	-		(46,01,940)

27.Turnover and Opening and Closing stock (In Rs.)

Particulars	Sales	Closing Inventory	Opening Inventory
High Alumina Bricks & Shapes	-	28,560	28,560
	(2,05,285)	(28,560)	(-)
Total	-	28,560	28,560
	(2,05,285)	(28,560)	(-)

28. Particulars of raw materials consumed during the year

Particulars	For the year ended 31.03.2015		For the year ended 31.03.2014	
	Quantity	Value	Quantity	Value
Di Chloro Methane (Kg)	160	8,800	-	-
Alpha Bond- Moulding cement	11	2,101	-	-
Di Isopropyl Ether (Kg)	-	-	3,489	7,36,462
Iso Propyl Alcohol (Kg)	-	-	5,580	6,42,800
Others	-	-	-	2,74,210
	-	10,901	-	16,53,472

28.1 Includes raw material of Rs. Nil (Rs.16,35,423/-) consumed during the trial production run.



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NOTES FORMING PART OF FINANCIAL STATEMENTS

29. Breakup of Consumption

Particulars	For the year ended 31.03.2015		For the year ended 31.03.2014	
	%	Amount	%	Amount
Raw Materials				
Imported	-	-	-	-
Indigenous	100%	10,901	100%	16,53,472
	100%	10,901	100%	16,53,472
Stores & Spares				
Imported	-	-	-	-
Indigenous	100%	10,08,208	100%	92,357
	100%	10,08,208	100%	92,357

30. Particulars of CIF Value of Imports

(In Rs.)

Particulars	For the year ended	
	31.03.2015	31.03.2014
Capital goods	-	3,10,612
	-	3,10,612

31. Expenditure in foreign currency on account of

(In Rs.)

Particulars	For the year ended	
	31.03.2015	31.03.2014
Travel	-	2,61,335
Consultancy charges	-	34,04,807
Purchase of Capital goods	-	2,48,206
	-	39,14,348

32. Earnings in Foreign Exchange (on accrual basis)

Particulars	For the year ended	
	31.03.2015	31.03.2014
FOB Value of Sales	-	63,220
	-	63,220



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NOTES FORMING PART OF FINANCIAL STATEMENTS

33. Figures have been rounded off to the nearest rupee. Previous year figures, unless otherwise stated are given within brackets and have been re-grouped and recast wherever necessary to be in conformity with current year's layout.

For and on behalf of Board of Directors

Director  Director 
Company Secretary 

As per our separate report of even date attached

For VARMA & VARMA
(FRN:004532S)



(RADHESH. L. BHAT)
Partner
CHARTERED ACCOUNTANTS
Membership No.214229

Radhesh
10.04.2015