



POKARNA LIMITED

# FUTURE FOCUSED

DRIVEN BY  
EXCELLENCE

26TH ANNUAL REPORT 2016-17



The cover design represents the vibrancy, passion and focus of the Company. The elements and colors align with the business of the Company as well as project the future-focus agenda for the long-term.

### Disclaimer

Certain statements in this report may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local, Political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Important factors that could make a difference to your Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which your Company operates, changes in the Government regulations, tax laws, statutes and other incidental factors. Your Company will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

### Our future focused story



Scaling business when it matters the most



Investing in technology that is unmatched



Higher value and lower costs to drive shareholder return

### Corporate Overview

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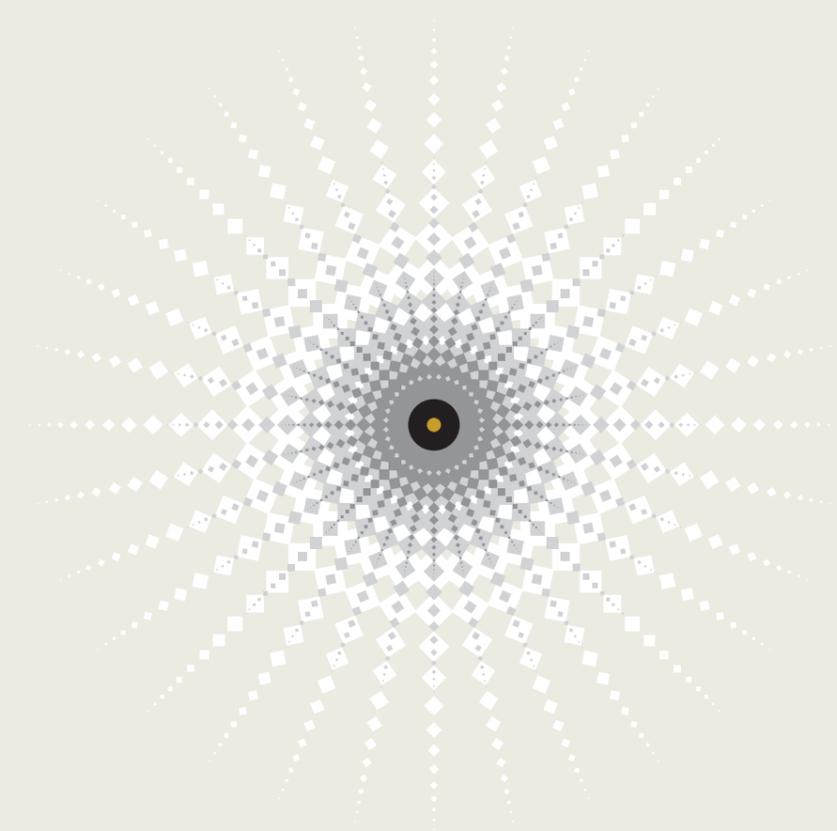
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This Report is also available online on [www.pokarna.com](http://www.pokarna.com)

## What's future focused to us?



It is about never running out of the zest of accelerating towards newer opportunities.

It is about thinking way ahead of today and preparing now for what is to come.

It is about enhancing ourselves with the changing age, and anchoring relationships that'll stand the sands of time.

It's about taking the right steps in the short term, with eyes firmly on the long term consequences.

At Pokarna, the future isn't just another distant frame of time. For us, the future is something we carry with us, every day. The decisions of banking on our two decades of experience; the efforts of reinventing the arena of natural stones; and the strategies of creating sustainable values for our stakeholders will help us build a future-ready organisation.

Every step we've taken has been driven by our firm focus on what can be, must be and will be.

And every result we've garnered has simply reinforced this focus further!



# This is Pokarna

**Our recent expansion plans for Quartz surfaces is a vindication of our ‘future-focused’ approach towards building a sustainable and profitable entity.**



Pokarna Limited is among the leading producers for Granite in India. With an integrated business model, comprising of self-owned quarries and state-of-the-art technology, we continue to march along with sustainable growth strategy.

Established in 1991, Pokarna Limited brings its deep-rooted knowledge and experience to its business model. Today, a preferred and trusted name in the world of Granite, we have extended our product portfolio to manufacturing Quartz surfaces.

With a wide array of color pallets on the offering backed by owned quarries, our products are widely accepted by renowned global and domestic clients. Our quality and expertise helps us emerge as reliable business partner for local and international markets.

In line with our growth plans, we place great emphasis on strengthening our business sustainability. Our recent expansion plans for Quartz surfaces is a vindication of our ‘future-focused’ approach towards building a sustainable and profitable entity.

**1<sup>st</sup>**

India's first Granite and Quartz stone company to be listed on Indian Stock Exchange

**1<sup>st</sup>**

India's only company to possess Breton technology (world's best) for manufacturing Quartz surfaces

**17**

No. of owned granite quarries across Telengana, Andhra Pradesh and Tamil Nadu

**4**

Manufacturing / processing facilities: two for Granite, one for Quartz and one for Apparel

## Our Inspiration

Rich, colorful, textured and diverse beyond compare. From the depths of the earth, with extreme sensitivity, we extract the world's finest natural granite. Then we cut, shape, process and polish it with tender loving care. All in a state-of-the-art manufacturing complex that has few equals in the world. We call it tough love!



## Global footprint

- |               |            |                    |               |             |                |                 |                  |                 |             |               |
|---------------|------------|--------------------|---------------|-------------|----------------|-----------------|------------------|-----------------|-------------|---------------|
| 1. Algeria    | 7. Belgium | 13. Columbia       | 19. France    | 25. Ireland | 31. Lebanon    | 37. Netherlands | 43. Qatar        | 49. Spain       | 55. Turkey  | 61. Venezuela |
| 2. Argentina  | 8. Bermuda | 14. Croatia        | 20. Germany   | 26. Israel  | 32. Libya      | 38. New Zealand | 44. Romania      | 50. Sri Lanka   | 56. UAE     | 62. Vietnam   |
| 3. Australia  | 9. Brazil  | 15. Cyprus         | 21. Greece    | 27. Italy   | 33. Luxembourg | 39. Norway      | 45. Russia       | 51. St. Lucia   | 57. Uganda  |               |
| 4. Austria    | 10. Canada | 16. Czech Republic | 22. Hong Kong | 28. Jamaica | 34. Malaysia   | 40. Palestine   | 46. Saudi Arabia | 52. Switzerland | 58. UK      |               |
| 5. Bangladesh | 11. Chile  | 17. Egypt          | 23. Indonesia | 29. Jordan  | 35. Mexico     | 41. Poland      | 47. Slovakia     | 53. Taiwan      | 59. Ukraine |               |
| 6. Barbados   | 12. China  | 18. Finland        | 24. Iraq      | 30. Korea   | 36. Morocco    | 42. Puerto Rico | 48. Slovenia     | 54. Thailand    | 60. USA     |               |

\* Map is not to scale, it is used for representative purpose only. It does not authenticate any international borders.

# Message from the Chairman



## DEAR SHAREHOLDERS,

Your Company has a vision of creating long-term value by adapting and leveraging the opportunities of a challenging industry scenario and current macroeconomic environment. The year 2016-17 was a landmark year for Pokarna for a number of reasons that shall define the future course for the Company. In the backdrop of uncertainties in the global markets and demonetization decision that caught the domestic economy by surprise, we demonstrated credible financial performance for the year under review.

### Future-focused strategy

With over two decades of existence, our strategy and mission continues to emerge as a valuable company driven by excellence. Aligning to evolving market trends, we have undertaken some strategic steps that set us on the path of sustainability.

One, the performance of our granite business continued to be under pressure during the year. Multiple headwinds, lower realizations and excessive supply did have a negative impact on overall granite industry. These factors caused the prices to fall substantially to an extent that market players could not meet their production costs. At Pokarna, we have always remained firm on our principles to drive profitability. We limited our participation during this 'no-profitability' and 'high-revenue' phase. We also shifted production mix towards customized 'cut-to-size' segments, yielding higher realisations and better profitability.

Two, buoyed by the strong demand for quartz surfaces and confident of our product quality, we delivered stellar results for 2016-17. Our innovative and diversified product portfolio with superior quality

has helped us gain market share and drive growth. To continue this performance in the near long-term, we are on-course to increase the capacity by 130% with investments of ₹325 crores. We expect our patented technologies and product mix to strengthen our position as the largest quartz surfaces manufacturing company in India.

Three, the Company is exploring potential strategic restructuring options for its apparel business. All options are being evaluated to determine the best opportunity to drive future growth and maximize shareholder value.

### Operational performance

During the year we delivered EBIDTA and PAT of ~ ₹142 crore and ~ ₹70 crore respectively, rising by 3% and 1.41% from the previous year. We remain focused on protecting yields rather than chasing unprofitable marginal revenues. The fact that revenues declined to ~ ₹380 crore due to slow growth in granite business (against ₹398 crore in 2015-16) and yet we delivered decent profits, validates our focus towards long-term sustainability backed by operational excellence.

With our new granite-mining site operational, we expect the capacity utilization to increase across the slab, cut-to-size and mining business. Despite the excess supply by the Brazilian players, we are determined to strengthen our pricing levels and market share by adding value to our products with new colors and textures.

We continue to expand our presence globally, adding customers and gaining market share. This is primarily because we

**With over two decades of existence, our strategy and mission continues to emerge as a valuable company driven by excellence.**



are the only player in India to possess the exclusive Breton technology for quartz surfaces. Our products remain qualitative and benchmarked to global standards, deriving premium over other local products manufactured through Chinese technology.

### IKEA

One of the key developments during the year, was entering into an exclusive partnership with IKEA to serve as exclusive quartz supply and installation partner. Under the agreement, Subsidiary Company will not only supply engineered quartz surfaces, but will also undertake installation and home delivery of products to IKEA's customers. The strategic tie up with IKEA provides us a new growth platform which will help us significantly scale up our Quartz business and provide us the scale and competitive edge against our peers.

### Road ahead

We are excited at this juncture in our corporate history for several reasons. The idea and belief of future-focus is based on the foundation of fast-tracked growth of quartz surfaces business and steady growth of granite business through better product mix.

We continue to remain competitive and geared to outperform our peers with our well-established customer network and differentiated product portfolio backed by exclusive technology. We expect our capacity utilization levels to further improve and strengthen the realization per square feet.

The overall business sentiments remain in good shape. With expected growth in quartz and natural stone in developed

markets and our strong network we expect to emerge stronger in the near long-term. Our approach will be to drive costs lower, improve profitability and expand cautiously.

### People

We have worked hard to engage our people towards our long-term goals. Their passion, hard work and commitment levels drive us ahead. Our people strategy is to have right people for the right work, empowering them to tap their potential and scale greater heights of success.

I would like to place on record my gratitude to the Board and team for their continued support. Their belief in our differentiated competitive positioning, reduced cost base and disciplined growth strategy will enable us to deliver healthy returns and sustainable growth for our stakeholders in the future.

I also take this opportunity to thank all Investors, Customers, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

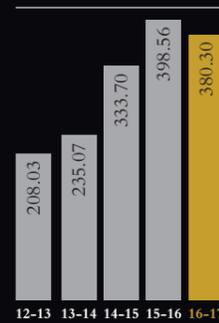
With best regards,

**GAUTAM CHAND JAIN**  
Chairman & Managing Director

# Measuring our financial performance<sup>#</sup>

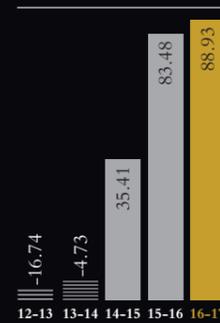
	2015-16	2016-17	Change
Revenues (₹ in crore)	398.56	380.30	-4.58%
Profit before tax (₹ in crore)*	83.48	88.93	6.54%
Profit after tax (₹ in crore)*	68.73	69.70	1.41%
Operating Cash flow (₹ in crore)	105.50	111.00	5.21%
Gross Block (₹ in crore)	408.50	455.36	11.47%
Networth (₹ in crore)	96.79	164.25	69.70%
Dividend per share (₹)	10.00	3.00	-70.00%
ROE (%)	71.01%	42.43%	-40.24%
RoCE (%)	43.58%	35.16%	-19.33%

**Income from operations**  
(₹ in crore)



Sustainable growth in revenues in line with industry trends

**Profit before tax**  
(₹ in crore)\*



Rebounding to profitability with resilience

**Profit after tax**  
(₹ in crore)\*



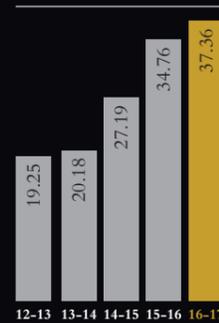
Strong bottomline maintained with high operating efficiencies

**EBIDTA**  
(₹ in crore)



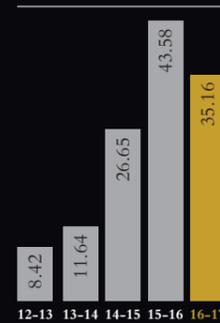
Consistent growing operating profits over the years

**EBIDTA margin**  
(%)



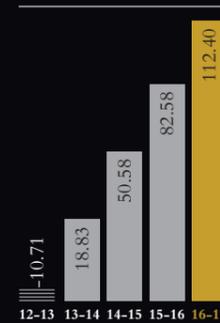
Industry leading operating margins with an integrated business model

**ROCE**  
(%)



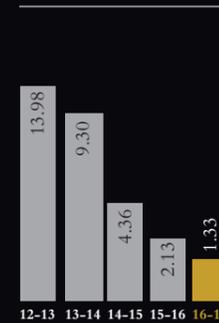
Generating healthy returns of capital

**Earnings per share**  
(₹)



Healthy returns for shareholders

**Debt Equity ratio**



Streamlining liquidity position of the Company

#On consolidated basis.

\*Without considering extraordinary and exceptional items.

# Looking ahead with stability



\* On consolidated basis.

# Key milestones

1991

- ◆ Acquired black galaxy granite quarry at Chimakurthy

1995

- ◆ Listed on Hyderabad and Madras Stock Exchanges

1996

- ◆ Made our first inorganic acquisition of a sick granite processing unit and turned it around

2000

- ◆ Acquired and turned around another sick granite processing unit

2003

- ◆ Crossed ₹100 crore topline
- ◆ Listed on BSE

2004

- ◆ Commenced commercial operations at apparel manufacturing facility and launched brand STANZA

2007

- ◆ Got listed FCCBs' on SGX

2009

- ◆ Commenced commercial production of Quartz surfaces and launched brand Quantra

2015

- ◆ PESL\* crossed ₹100 crore topline
- ◆ Retirement of FCCB's

2016

- ◆ PESL crossed ₹200 crore topline
- ◆ PESL seeks exit from CDR mechanism after remarkable turnaround
- ◆ Listed on NSE

\*Pokarna Engineered Stone Limited, Wholly Owned Subsidiary of the Company.

# Highlights, 2017



Inked a partnership with IKEA as an exclusive partner for supply of Quartz surfaces for their India operations



Expansion of Quartz surfaces capacity by 130%



Board of Directors accorded in-principle approval to sell off the apparel business and focus on Core Businesses i.e. Granite and Quartz surfaces



Commenced commercial operations of our new Granite Quarry 'Creame Cashmere'



Subsidiary Pokarna Engineered Stone Limited, received HMTV Business Excellence award - "Special Jury Award in Manufacturing Category".



## Scaling business when it matters the most

Acceleration is the cornerstone to Pokarna's growth. Foreseeing opportunities in Quartz with growing demand (both in international and domestic markets), the proposed capacity expansion aligns to our long-term vision and values.

**Today, the global countertop market material size is about \$81 billion (as per Freedonia Research Report) and Quartz is about 10% of it.**

### Why is Quartz important?

We at Pokarna have been at the forefront of the natural stone manufacturing in India for more than 25 years and are well-placed to maintain our leadership as industry evolves. With operations beginning in 2009, engineered stone (popularly known as Quartz) division has been operating at near full capacity utilisation, with slight head room for improvement, by improving the operational efficiencies.

Today, the global countertop market material size is about \$81 billion (as per Freedonia Research Report) and Quartz is about 10% of it. As a preferred option, Quartz continues to score over surfaces given its innate properties and value proposition.

### How are we moving ahead?

We plan to expand the production capacity of Quartz surfaces by 130%, with an estimated investment of ₹325 Crores, which is proposed to be funded by the mix of internal accruals and external debt.

The enhanced capacities shall bring in two key aspects to our business; one, it shall help us consolidate our position as the largest manufacturer and exporter of premium quartz surfaces. Two, we are teaming up with the best ready-to-assemble furniture maker in the world, IKEA, to serve as an exclusive quartz supplier and installation partner, so this will help us address the growing demand in our domestic and international markets.

Keeping an eye on profitability and sustainability, we have restructured our business portfolio mix. From change in thickness to new designs, better technology and machine improvements – these initiatives have contributed effectively to higher margins and sustained profit levels in recent past.

**58%**

Share of revenue from Quartz in total revenue

**₹ 325 CRORE**

Estimated Capex for new Quartz capacity



# Investing in technology that is unmatched

We understand the relevance and usage of technology in making products. With changing times, better products and an enhanced user experience will only deepen our relationships with our customers.

## The capital intensive and intellectually driven Breton technology, ensures our products meet international standards and certifications



### What is Bretonstone technology?

In the industry of processing natural stones, Breton (from Italy) stands out in the world with its technological know-how and market leadership. With years of research and development and several international patents, Breton technology helps produce decorative Granite and Quartz with high-quality and technological advanced products for its associates across the globe.

Even as Chinese technology exists, they are nowhere near to the quality and design produced by Bretonstone plant manufacturing companies. Breton is a specialist in its field for all of its machines and plants and develops innovative ideas with exclusive patented manufacturing technologies.

Be it setting up plants or providing equipment, Breton has set a unique benchmark in natural and engineered stone processing industry. Its market leadership is defined with its modern technology, excellent craftsmanship and innovative ideas.

### Why is Pokarna-Breton partnership special?

The Pokarna-Breton partnership is special in more ways than one. Pokarna is the only company in India to possess exclusive rights to Bretonstone technology and equipment for Quartz surfaces. Having an association of years, we at Pokarna have an individual agreement since beginning to possess rights to its technology and equipment in this part of the world.

The capital intensive and intellectually driven Breton technology, ensures our products meet international standards and certifications. Our strong global presence is a testament to our product quality backed by superior technology.

Our new Quartz plant will be equipped with next generation Breton technology that will enable us to innovate on breakthrough products. This shall be supported by better operational improvements and higher efficiency to ensure we sustain benefits of economies of scale.

## 1<sup>ST</sup>

Bretonstone rank in the world for technological excellence in stone processing industry

## 1<sup>ST</sup>

Pokarna is the largest exporter of Quartz Surfaces from India

## 1<sup>ST</sup>

Pokarna is the only company in India to use the Bretonstone technology for Quartz surfaces

## 64 +

Portfolio of Quartz designs to serve a wide variety of customers



# Higher value and lower costs to drive shareholder return.

At Pokarna, we have endeavoured to strengthen our shareholder value. Despite the macro uncertainties, our strong operational efficiencies and governance discipline have helped to deliver sustainable financial returns.

**We build strong partnerships of care and respect within the community we operate**



**A simplified business model...**

Our decision to Sell-off the apparel business and focus on core competitive edge of Granite and Quartz Surfaces.

**...with a wide product portfolio...**

A focused strategy of 'growth' in core business with a wide range of products on the offering.

**...backed by technological prowess...**

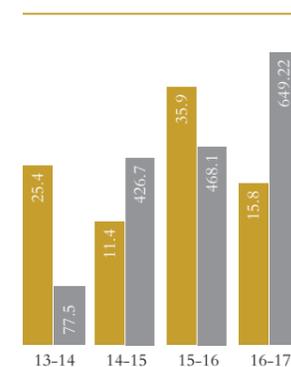
Technological improvements enhance the experience of the product use by the end consumers. We have always invested heavily in technology knowing it will generate healthy rewards in long-term.

**...and a global footprint...**

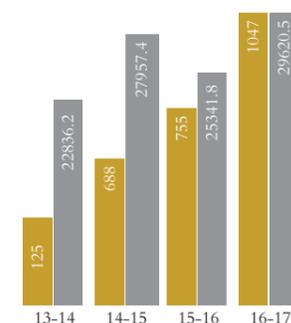
We serve customers in more than 50 countries in addition to a strong domestic presence.

**...has led to sustainable financial returns**

Our resilient business model has enabled us to provide sustainable returns over long-term for our shareholders.



■ Dividend payout# (%)  
■ Market capitalization (₹ in crore)



■ Share Price (₹)  
■ Sensex Index\*  
\*Closing index as on 31st March, for respective years  
#Based on standalone results

**Value created... \*\***

**₹ 11.16 CRORE**

Dividends paid in last five years

**₹ 73.46 CRORE**

Paid to exchequer as taxes in last five years

**₹ 0.44 CRORE**

Spent on community and social responsibility in last five years

**900 +**

Team size

\*\* On consolidated basis.

**...and distributed**

**Investors**

Our integrated business model has helped us grow our profits, cash flows and returns. This has helped us maintain a healthy dividend policy and deliver attractive returns for our investors.

**Government**

As a responsible corporate, we abide by the laws of the

land, sharing our role to support economic growth and job creation.

**Employees**

Our team believes in our values and vision. Our investment in regular training programme has helped our team achieve their career goals.

**Community**

We build strong partnerships of care and respect within the community we operate.

**Customers**

As a trusted manufacturer, we help our customers choose from a wide variety of products.

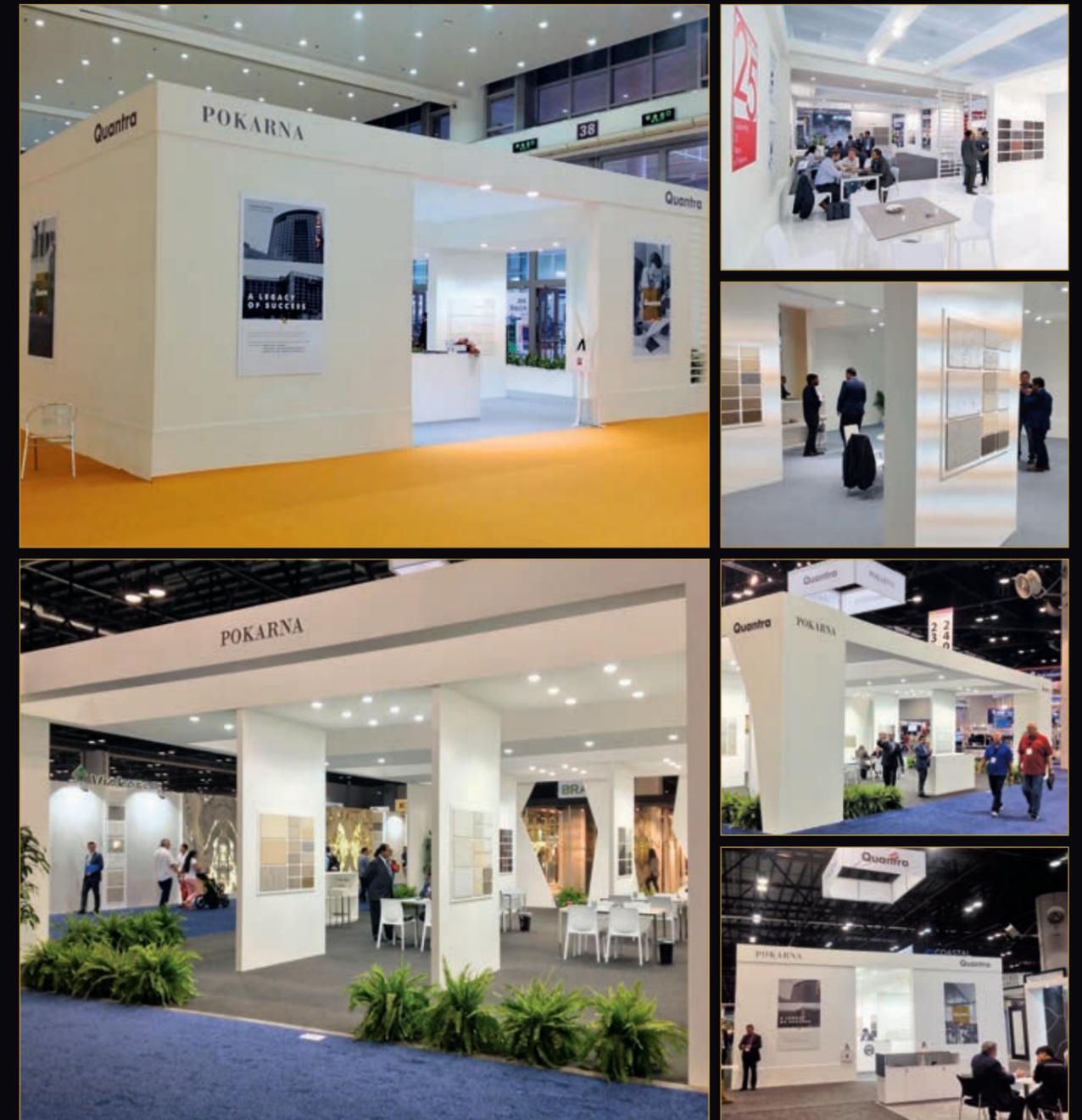
## Responsibility at our core

At Pokarna, we have clear, consistent policies and standards that require that we contribute effectively to community and society that we operate in. To connect with our audiences in a meaningful way, we made effective contributions to operations of children at 'Hrudaya Cure A Little Heart Foundation'. Our contributions have helped to save lives of children with successful critical surgeries.



## Brand in focus

Our products continue to gain strong foothold in the markets backed by sound marketing strategies to help us strengthen our profitability levels. We participated in global exhibitions held in Italy, USA, Germany and China showcasing our diversified portfolio to a wide audience base.



## Engaging with the shareholders

In early 2017, we invited our shareholders to visit our granite manufacturing facility. The event was well appreciated by all our shareholders, as they came forward to witness the magnitude of the Company in which they put their trust and faith.



## Board of Directors



1. **Mr. Gautam Chand Jain**  
Chairman & Managing Director

2. **Mr. Dhanji Lakhamsi Sawla**  
Independent Director

3. **Mr. Mahender Chand**  
Independent Director

4. **Mr. Thati Venkataswamy Chowdary**  
Independent Director

5. **Mr. Meka Yugandhar**  
Independent Director

6. **Mr. Vinayak Rao Juvvadi**  
Independent Director

7. **Mr. Prakash Chand Jain**  
Non-Executive Director

8. **Mr. Rahul Jain**  
Managing Director

9. **Mrs. Apurva Jain**  
Executive Director

# Corporate Information

## BOARD OF DIRECTORS

### Mr. Gautam Chand Jain

Chairman & Managing Director

### Mr. Dhanji Lakhamsi Sawla

Independent Director

### Mr. Mahender Chand

Independent Director

### Mr. Thati Venkataswamy Chowdary

Independent Director

### Mr. Meka Yugandhar

Independent Director

### Mr. Vinayak Rao Juvvadi

Independent Director

### Mr. Prakash Chand Jain

Non-Executive Director

### Mr. Rahul Jain

Managing Director

### Mrs. Apurva Jain

Executive Director

## STATUTORY AUDITORS

M/s. S. Daga & Co.,

Chartered Accountants, Hyderabad

## INTERNAL AUDITOR

Mr. M. Murali Jagannathan

Chartered Accountant, Hyderabad

## SECRETARIAL AUDITOR

Mr. K. V. Chalama Reddy

Company Secretary, Hyderabad

## COST AUDITORS

M/s DZR & Co

Cost Accountants, Hyderabad

## CHIEF FINANCIAL OFFICER

Mr. M. Viswanatha Reddy

## COMPANY SECRETARY

Mr. Vinay Paruchuru

## LISTED ON

Bombay Stock Exchange Limited

Scrip code : 532486

National Stock Exchange of India Limited

Symbol : POKARNA

## REGISTRAR AND SHARE TRANSFER AGENTS

M/s. Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli

Financial District, Nanakramguda

## BANKERS

Union Bank of India, Khairatabad, Hyderabad

## REGISTERED OFFICE

105, First Floor, Surya Towers, Sardar Patel Road

Secunderabad - 500 003, Telangana State, India.

Tel: +91 40-27842182, 27844101, 66266777.

Fax: +91 040-2784 2121

Email: [contact@pokarna.com](mailto:contact@pokarna.com)

Website: [www.pokarna.com](http://www.pokarna.com)

CIN: L14102TG1991PLC013299

## FACTORIES

### Granite Division

#### Unit - I

Survey No.123, Tooprantpet (Village)

Choutuppal (Mandal), Nalgonda (District)

Telangana State.

#### Unit - II

Survey No. 563, 568 & 574

Aliabad Village, Shameerpet, (Mandal)

R.R. District, Telangana State.

### Apparel Division

Survey No: 33, 39, 50, 51, 55, 68 & 69

Apparels Export Park, Gundla Pochampally Village

Medchal Mandal, R.R. District, Telangana State.

### Quartz Surfaces

Pokarna Engineered Stone Limited

Plot. No: 45, APSEZ, Achutapuram

Rambilli Mandal, Vishakapatnam, Andhra Pradesh.

# Management Reports

# Management Discussion and Analysis

## Economic overview

### Global economic overview

2016 continued to remain a challenging year for global economy on the back of subdued investment, heightened policy uncertainty and tepid trade. However, things appeared to improve gradually during the second half of the year owing to a subsiding of global geo-political uncertainties and stronger growth in developed economies. Global growth is expected to pick up moderately from just under 3% in 2016 to 3.3% in 2017 and around 3.5% in 2018 on the back of accommodative fiscal policies across major and emerging economies. Proper implementation of fiscal stimulus in major economies coupled with faster recovery in commodity dependent emerging markets may result in faster than anticipated growth rate.

Advanced economies continued to struggle with subdued growth and low inflation in a context of increased uncertainty about policy direction, tepid investment, and sluggish productivity growth. Among advanced economies, activity rebounded strongly in the United States after a weak first half of 2016. Manufacturing activities in United States is expected to grow at an average 2.2 percent in 2017-18. However, performance of other developed nations namely Euro region and Japan continued to remain soft with output lagging potential. Supportive monetary policies though are expected to revive the growth in Euro Area and Japan.

Emerging economies grew at an estimated 3.4 percent in 2016. Outlook for the region remains positive though, with growth expected to accelerate to 4.7 percent in 2017 and Chinese economy expanded at 6.7 percent during 2016, slowest growth since 1990. Growth during the year was primarily service driven,

given the country's ongoing economic rebalancing. Fiscal and credit-based stimulus measures supported growth in 2016, focusing on infrastructure investment and on efforts to stimulate household credit.

Private consumption continued to contract in Brazil and Russia, but at a slowing pace as confidence improved. Although, the two suffered second consecutive year of recession in 2016, the countries have been displaying early signs of improvement. Stabilization in commodity prices coupled with supportive government policies are expected to help revive the economies gradually.

### Indian economic overview

Amidst the global uncertainties, India maintained its tag as the fastest growing major economy in the world. Despite, Government's unexpected 'demonetization' initiative during the year, the Indian economy grew by 7.1% during the year 2016-17. Further, passage of structurally positive reforms like Bankruptcy and Insolvency code, Goods & Services Tax (GST) as well as regulation in sectors such as banking, telecom, insurance, real estate, etc. are expected to help maintain the country's growth in the long term.

Economic activity is beginning to firm after demonetization shocked the economy. The manufacturing PMI crossed into expansionary territory in January and imports rebounded. The Central Government's bold demonetisation programme resulted in massive cash shortages and economic disruptions through the

economy at the end of last year and growth is expected to have slowed to a multi-year low in Q3 FY 2016.

### Demonetisation and its impact on real estate

On November 8 2016, the Government of India declared the withdrawal of legal tender status of all ₹500 and ₹1,000 banknotes from the economy, with an aim to check corruption, counterfeiting and funding of terrorism.

Although there has been a spate of differing opinions on the success of the program and its impact on the overall economy, few, if any, have doubts about its impact on real estate as a sector.

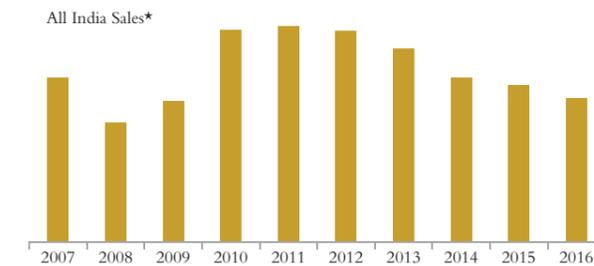
The sector was impacted significantly given that it was majorly dependent on the parallel black economy. Off-take remained modest despite freebies and discount being doled out.

The move had mixed impact on the sector as it brought comfort to home buyers given that it helped lower the prices on one hand while at the same time it had a negative impact on unorganized builders and secondary (resale) players.

Luxury and mid-segment market were majorly impacted with many of them witnessing sales drop of ~ 50 per cent during the last quarter of 2016.

According to Knight Frank India consultants, the registration of properties also saw a decline and in the process, developers were estimated to have incurred a revenue loss of ₹22,600 crore because of the cash ban while state governments suffered a notional loss of stamp duty of ₹1,200 crore.

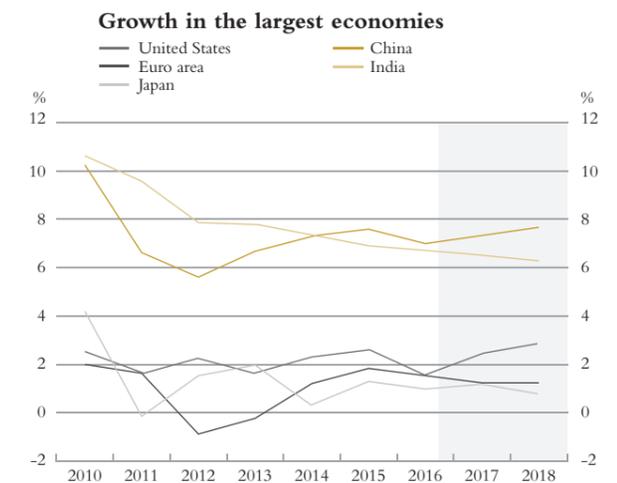
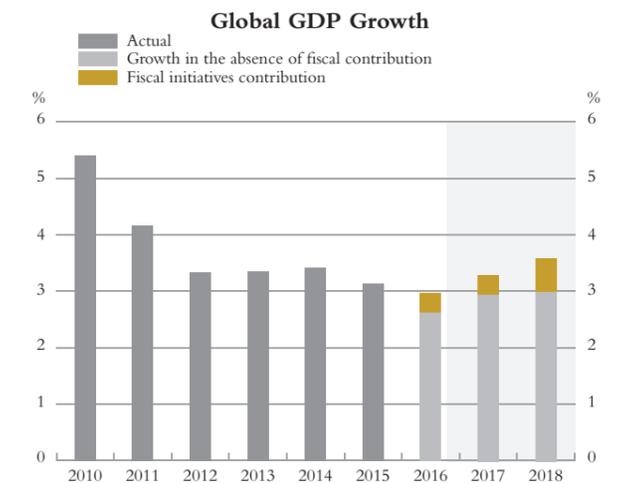
### Notebandi and its impact on real estate sales (in terms of volume)



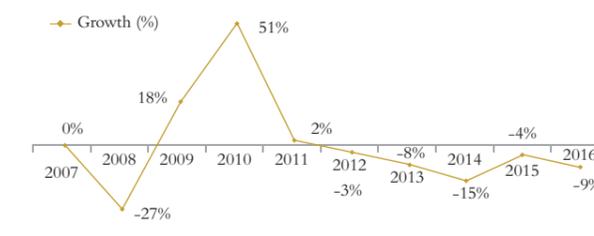
### Short-term impact of demonetisation on the real estate prices



(Source: Economic survey, 2016-17, Knight Frank and Survey calculations)



Note: Estimated fiscal initiatives contribution based on fiscal stimulus in China and the euro area for 2016-18 and in the United States for 2017-18. Fiscal years starting in April for India. (Source: OECD March 2017 Interim Economic Outlook; OECD November 2016 Economic Outlook database; and OECD calculations.)



(Source: Knight Frank India and <http://www.hindustantimes.com/real-estate/is-the-impact-of-demonetisation-on-real-estate-markets-worst-than-the-2008-lehman-crisis/story-N3rQ9WLOZdObSbH79AroK.html>) (\*Sales volume across Mumbai, NCR, Bengaluru, Pune, Chennai, Hyderabad, Kolkata and Ahmedabad)

### Growth of the construction sector



(Source: Economic survey, 2016-17)

### Indian stone industry

India is home to varied types of natural dimensional stones. These are granites, marbles, slates, sandstones, limestones and quartzites. India has established its own status in the world stone market with large exports. Product range from cubes, size stones, pavement slabs, standard slabs and tiles, monuments, memorials and made to order items.

The Indian stone industry has witnessed significant transformation and growth over the past few years. Despite, being largely unorganized and fragmented, the industry has been growing 15-20% annually on the back of strong domestic and international demand. India at present, accounts for nearly 25% of the total global reserves of marble, granite and stone slate. The country also possesses 1,619 million cubic metres of deposit, comprising 160 shades of stone. In terms of quantity of material exported, the stone industry ranks second only to iron ore. Exports comprises of tiles, surface plates, building slabs and cut-to-size stones. India is also amongst the few countries which deliver branded stone – be it marble, granite or sandstone.

Heightened competition from countries like China poses threat to the country's long-term competitiveness. China has consolidated its position over the years and now is the largest player in the stone

industry. China, with 42% share of total natural stone exports continues to maintain its leadership position and is followed by Italy and India; which hold 12.4% and 10% market share, respectively. While, sizeable proportion of China's natural stone is exported to European region, it has also been successful in reducing India's position in Japanese market. Also, while the import of natural stone in Japan has slowed down in the recent times, the trend is expected to reverse owing to investment in residential buildings, commercial facilities and projects associated with the Olympic Games of Tokyo 2020.

### Granite industry

#### Global scenario

Granite stones owing to its amenability quality in terms of taking mirror like polish, high compressive strength, longevity and aesthetics, has been valued for millennia. It also has a wide area of application ranging from Egyptian pyramids to modern kitchen. Given its uniqueness, Granite, continues to meet the growing demands of discerning homeowners. Globally, the granite industry is dominated

### Indian granite industry in numbers

**20%**  
India's share of global granite resources

**66%**  
India's share of the ~300 shades available in the world

**97%**  
Amount of granite resources that remain untapped

by the countries like China, Brazil, India, Saudi Arabia, Italy and Spain, mainly in terms of production. Around 80% to 90% of the total global production is being contributed by China, Brazil and India.

#### Indian scenario

India with a total granite resource of 46.23 billion cubic metre accounts for nearly 15% of the global granite production and is also one of the leading exporter of Granite in the world, owing to its rich granite reserves. It is also the third largest natural stone manufacturer in the world. The southern and the eastern belts of the country are the major granite producing regions and are home to different shades of granite. Natural stone products are the largest Forex earners in the mineral category, followed by iron.

Valued at around USD 2.62 billion in FY 2013-14, India's granite sector is expected to grow at a CAGR of 16-18% during the period FY 2014-19 on the back of increasing demand from the USA and Chinese markets. Of the 300 varieties of granite present in the world market, India supplies about ~200, reflecting the availability of wide array of colour, texture and structure in the country. India produces more than 27% of the overall stone production in the world and exports over 11% of the world's stone exports.

India's granite and natural stone products has almost 80% of its markets in United States and European Union. This is despite heavy competition in the price of finished products like monuments, slabs, tiles etc., and also in the export of dimensional blocks. China, USA, Germany, Turkey and UK remain the major importing countries. Indian granite and stone exporters are experiencing stiff competition from peers in China, Brazil and Turkey, who have been compromising on the revenue part in a bid to gain market share.

The profitability of Indian companies as such has been on a downward trend owing to growing competitive intensity. About 80% of the manufacturers are located in the state of Tamil Nadu while the rest are located in the neighboring states of Andhra Pradesh, Karnataka and Telangana. The industry is largely concentrated in the southern region given that most of the granite quarries are situated in that region.

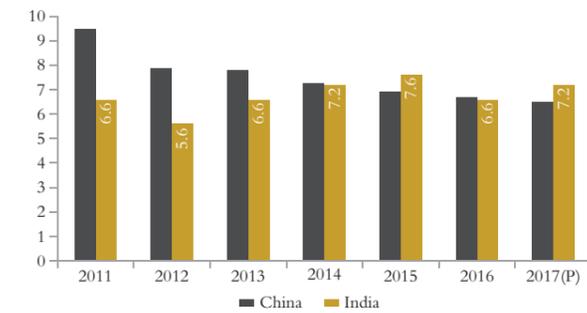
#### Salient features of the Indian granite industry:

- ◆ India has one of the largest reserves of granite in the world and have exported ₹2,600 crore (₹26 billion) worth of the stone in the past years (from 2012-16).
- ◆ Nearly one-fourth of the exported stone accounts for monument stones.
- ◆ In the last fiscal, the total exports of granite and marble from India had crossed the ₹4,000 crore-mark with the US accounting for the bulk of the consumption (40%).

#### Concerns for the industry

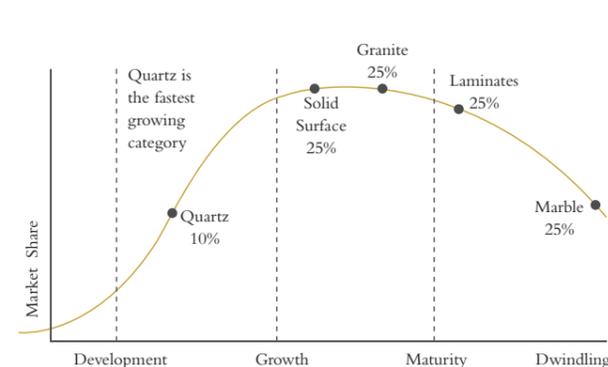
- ◆ Higher GST rates, dead rents and royalties vary from one state to another.
- ◆ Lack of government policies and lack of prioritisation results in non-issuance of new lease.
- ◆ Despite of collective measures and intentions from the miners, complete mechanisation is often not attainable due to the state policy of restriction in leasing areas.
- ◆ Recovery of dimensional stone blocks is as low as 10% to 15%.

### Growth of India economy vs Chinese economy

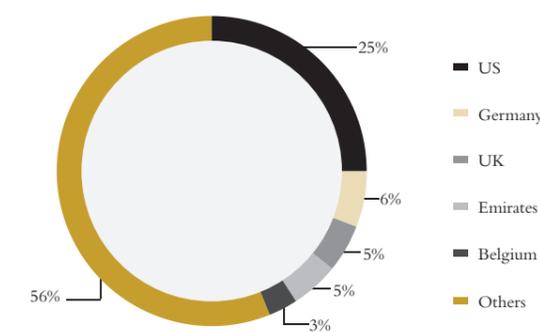


(Source: <http://www.livemint.com/Politics/jSmmTjF8ksLHgp3HcOIJCJ/Why-is-2017-the-most-challenging-year-for-the-Indian-economy.html>)

### Market share cycle in countertops

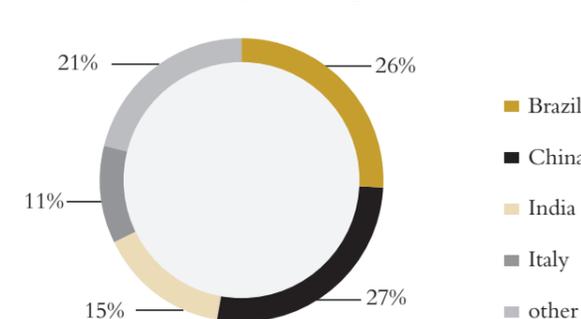


### India stone exports



(Source: XXVI World Marble and Stones Report, 2015)

### Country wise USA's granite import from 2012 to 2015



(Source: <https://minerals.usgs.gov/minerals/pubs/mcs/2017/mcs2017.pdf>)

**Business segment I**

**Granite**

Revenue generated in 2016-17	Revenue decline from previous year
<b>₹149</b> crore (39.05% of the total Consolidated revenue)	<b>20.15%</b>

**Overview**

Established in 1991, Pokarna Ltd is amongst the country's largest exporter of finished granite. The Company offers a wide range of products consisting of over 75 varieties of granite sourced primarily from captive quarries.

The Company sources bulk of its granite requirement from its captive quarries, located in Andhra Pradesh, Telangana and TamilNadu. The quarries are rich in quality and possess some of the most coveted and desirable colours like silver waves and black galaxy among others.

Further, the Company also imports part of its requirement from some of the reputed and well established domestic and global independent suppliers. Processing of the raw granites is being done at Company's state-of-the-art manufacturing located at Hyderabad. The Company over the years has prudently selected to invest in cutting-edge technologies sourced from some of the most respected global companies like Breton, Pedrini and Pellegrini

among others. This preference for cutting-edge investment has led to a creation of innovative and diversified product portfolio helping the Company carve a niche for itself in the market.

**Year under review – in brief**

During the FY 2016-17, the Company generated revenues worth ₹149 crore from the granite segment compared to 186 crores in the previous year, registering a decrease of 20.15%. This soft performance was mainly attributed to the supply glut across all our major markets especially US and which pushed down the realisations. However, given our experience and nimble strategy, we were able to withstand the adverse conditions. We remodelled our business model and moved towards cut to size segments where the realisations are better. Further, we are confident that our investment in technologies, brand building and strengthening our relationships with our business clients will not only help us wither the such storms in the future but will also position us better to further consolidate our position in the market. Out of the total revenue earned by the Segment, export constituted 72%, out of which, the US held the lion's share at 21%, closely followed by countries like Europe 7%, Asia 41% and rest of the world 3%. The overall domestic to export revenue mix of the segment for the year stood at 28:72 as against 23:77 in the previous fiscal. Segment's PBIT for the year stood at ₹33 crores in FY2016-17 compared to ₹49 crores in the previous financial year, registering a decrease of 32.52%.

**Outlook**

Outlook for the business remains positive in the medium to long term. Heightened competitive intensity may affect volumes and realizations in turn impacting the profitability in the near term. Growing demand and wider application of products will help sustain and drive the momentum in the future.



**Business segment II**

**Quartz surfaces**

Revenue generated in 2016-17	Revenue growth from previous year
<b>₹222</b> crore (58.42% of the total consolidated revenue)	<b>9%</b>

**Overview**

Quartz surfaces comprises of quartz aggregate chips, resin binder, pigments and additives. Although similar in appearance to granite their innate qualities – zero maintenance, non-porous nature help it score over granite. Owing to these unique features quartz countertops has gained preference in the recent times and has started replacing materials like granite, ceramic tile, stainless steel, laminate, marble, limestone, and concrete. In terms of markets, while Australia and Israel remain highly matured; USA and Canada two of the largest markets in the world are still at nascent stage offering huge business potential in the future.

The countertop market can be segmented on the basis of material type and end sector. On the basis of material type, the global countertop market can be further segmented into granite, solid surfaces, quartz, laminates and marbles, while on the basis of end sector, the market can be divided into residential and commercial.

Pokarna offers a wide range of quartz surfaces through its wholly-owned subsidiary Pokarna Engineered Stone Limited (PESL). Over the years PESL has evolved as the largest exporter of quartz surfaces in the country and today stands as the only company in India to produce quartz surfaces using the patented Bretonstone® Technology. Bretonstone System from Breton S.p.A. of Italy is renowned across the globe for one of its kind technology.

**Year under review – in brief**

During FY2016-17, revenue generated by this segment stood at ₹222 crores compared to ₹204 crores in the previous year, registering an increase of 9%. Quartz as a product has scored over other surfaces and has recently gained immense popularity owing to its unique properties and value proposition. Further efforts like consistent investment in developing and delivering new and innovative products and strengthening its reach to better serve its customers in terms of timely delivery has helped

in developing a strong connect with our clients and post such commendable numbers. Out of the total revenue earned by this Segment, export constituted 99%. The overall domestic to export revenue mix of the segment for the year stood at 1:99 as against 4:96 in the previous year. The segment's PBIT for the year stood at ₹96 crores in FY2016-17 compared to ₹83 crores in the previous financial year, registering an increase of 15.66%.

**Major operational developments during the year**

First, the Company has chalked out a plan to expand its quartz production capacity by 130% by building a new facility at a cost of ₹325 crore.

Second, the Company secured exclusive rights to use the Bretonstone technology in India through March 2020 and once this new facility becomes operational, would be one of India's first and most advanced quartz surfaces plant.

Third, the Company entered into an exclusive partnership with IKEA to serve as their exclusive quartz supplier and installation partner for the Indian market. Under the contract, Pokarna will supply quartz surface countertops to IKEA's customers and would also undertake measuring, planning, home delivery and installation of the products.

**Outlook**

As the quartz surfaces gains popularity, growth of quartz countertops is expected to be propelled by rebound in new building construction, increased spending on remodeling projects, a shift in the product mix from laminates to higher priced alternative materials, increasing application in kitchen, surging penetration across various regions coupled with the availability of a large variety of designs and colours is anticipated to drive the market for quartz surfaces across the globe. In US, one of the major markets for the countertop industry, demand for quartz countertop is expected to rise by 4.2% annually through 2019. Growing at 4.2% the demand for engineered stones is expected to be around 810 million square feet in 2019, valued at \$29.3 billion. Growth in the US market is expected to be propelled by a rebound in new building construction as well as repair and improvement of existing structures. Through 2019, the residential market will provide the most growth for countertop demand, accounting for ~80% of additional demand. Gains in housing completions will spur demand in the new housing segment, while interest in home improvement will support replacement and remodeling demand. The ongoing consumer preference for spacious kitchens and multiple bathrooms that require more countertop area will further promote growth for countertops in the residential remodeling market. The residential market which accounts for about four-fifths of countertop demand and the recent improvement in the US housing sector has given high hopes to the players in the countertop segment. (Source: <http://www.freedoniagroup.com>)

**Reasons for optimism of the US Housing Sector**

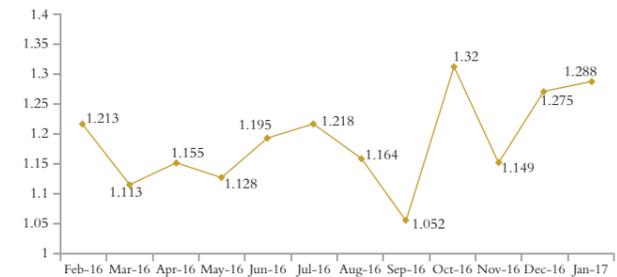
- ◆ Single-family home (SFH) construction started 2017 on solid footing.
- ◆ Home sales also had a good start to 2017, continuing its momentum from 2016 – Existing-home sales rose 3.3% from December 2016, reaching the fastest pace since February 2007. January’s existing-home sales reached a seasonally adjusted annual rate of 5.69 million.
- ◆ Availability of credit showing signs of improvement – The median credit score for mortgage origination was 763 in the fourth quarter of 2016, an increase from 753 in the fourth quarter of 2015.
- ◆ Low inventories, rising mortgage rates and modest wage growth is expected to drive price gains in 2017.

Going forward, with the recent upsurge in the housing demand, gains in residential countertop demand is expected to accelerate at a greater speed compared to the one posted during the 2004–14 period. With the ripple effect of the subprime recession slowly subsiding and other socio-economic factors which were a big deterrent during the 2004–14 period like sluggish home sales, relatively high unemployment rates, and tougher financing standards imposed by banks (which restricted remodeling activity) finally coming to normal level, the countertop industry expects to maintain a steady growth rate in the years ahead.

In the smaller non-residential markets, where approximately 70% of the total demand is from the institutional, office and commercial buildings, the demand is expected to grow slowly as these structures tend to be countertop intensive with kitchens and multiple bathrooms that feature relatively large countertop spaces. But with a rebound in office and commercial and institutional construction segments, demand for countertops in these nonresidential markets is also expected to pick up pace and eventually match the residential demand, through 2019.

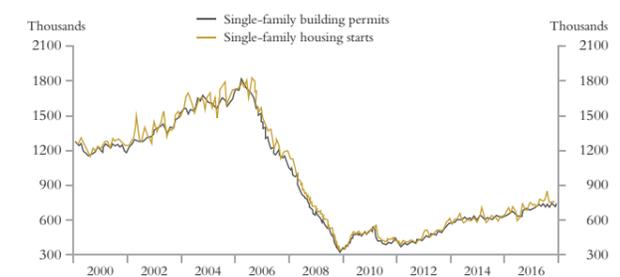
Similarly, worldwide countertop market is also expected to grow on the back rising construction of new housing units led by the APAC region, rebound of Europe as well as North America from the decline in the construction of the housing units, budding investments towards the construction of hotels and offices and increasing demand from the remodeling sector. Rising installation across various commercial sectors, increasing construction of skyscrapers coupled with increasing expansion of various hotel chains, burgeoning construction activities in the developing and emerging economies, is further expected to propel the growth of countertops market. Banking on the aforesaid factors and on the rising popularity of the product, industry experts expect the global countertops market to grow at CAGR of 4.74% till 2021.

**Housing starts in the US between February 2016 and January 2017 (new residential housing units authorised by building permits and started in million)**



(Source: <http://www.cnbc.com/2017/02/16/us-housing-starts-jan-2017.html>)

**US Single family housing recovery**



(Source: <http://fortune.com/2016/07/14/real-estate-charts/>)

**Business segment III**

**Apparel**

Revenue generated in 2016-17	Revenue growth from previous year
₹10 crore	11%

**Overview**

India’s apparel and textiles sector, which is one of the oldest industries in Indian economy, is presently valued at around US\$ 108 billion and is one of the largest contributors to India’s exports with approximately 11% of total exports. Growing at a CAGR of 10.3% the industry is expected to reach US\$ 223 billion by 2021. The Indian textile and apparel industry has been one of the key contributors towards transforming India into economic powerhouse. The importance of the sector is further enhanced, as it’s a highly labour intensive industry. Today, it is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly. The Indian textile industry contributes approximately 5% to India’s GDP, 14% to overall IIP and constitutes 15% of the country’s export earnings. The textiles industry has also made a major contribution to the national economy in terms of net foreign exchange earnings and contribution to the GDP.

Similar to textile sector, Indian retail industry today forms an integral part of the economy. The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. Currently, it accounts for over 10% of the country’s GDP and around 8% of the employment. A growing retail sector has helped India evolve

as the world’s fifth-largest global destination in the retail space. Owing to the country’s high market potential, low economic risk, and moderate political risk, India has occupied a remarkable position in global retail rankings. With the entry of many new players and with the advent of e-commerce, the industry is expected to grow at a CAGR of 12% over the next few. India’s retail market is expected to nearly double to US\$ 1 trillion by 2020 from US\$ 600 billion in 2015, driven by income growth, urbanisation and attitudinal shifts. While the overall retail market is expected to grow at 12% per annum, modern trade would expand twice as fast at 20% per annum and traditional trade at 10%.

(Source: Retail 2020: Retrospect, Reinvent, Rewrite by the Boston Consulting Group and Retailers Association of India)

**Year under review – in brief**

During the year under review, the apparel Segment generated revenues worth ₹10 crore as against ₹9 crores in the previous year, registering an increase of 11%. The Company markets its products under the brand name ‘Stanza’. The entire revenue of this segment is generated from the domestic market and the PBIT for the year stood at ₹(6.70) Crore as compared to ₹(8.39) Crore in previous financial year.

**Outlook**

Following the Company’s decision to focus its attention and resources on its core “Stone” businesses, the Board of Directors in principally approved Independent committee / Audit Committee recommendation to sell off Apparel business. The Company’s focus in recent years was primarily directed towards containing the losses in the business rather than working towards reviving and deploying further resources in the business. Sale of Apparel business is subject to finding buyer / investor, receipt of acceptable offer & other requisite approval, consents and clearances of bankers / shareholders & other Institutions, as may be required.

## Segmental performance

At present, the Company operates in two segments namely, granite and apparel. The financials for the said divisions of the Company are as under.

Sl. No.	Particulars	₹ In Lakhs	
		Amount	
		FY 2016-17	FY 2015-16
1.	Segment revenue(net) (Including inter segment sales)		
	a) Granites	14854	18601
	b) Apparel	971	872
	<b>Total</b>	<b>15825</b>	<b>19473</b>
	Intersegment Revenue	-	-
	Net sales/income from operations	15825	19473
2.	Segment Results Profit (+) / Loss (-) before tax and interest from each segment.		
	a) Granites	3291	4877
	b) Apparel	(671)	(839)
	<b>Total</b>	<b>2620</b>	<b>4038</b>
	Less : Interest	828	1265
	Total Segments Profit Before Tax	1792	2773
3.	Capital Employed ( Segment Assets – Segment Liabilities)		
	a) Granites	10335	8208
	b) Apparel	1845	2178
	Unallocable assets less liabilities	6116	6116
	<b>Total</b>	<b>18296</b>	<b>16502</b>

Standalone financial performance of the Company (operational performance)

- ◆ Revenues declined by 19% from ₹19473 lakhs in 2015-16 to ₹15825 lakhs in 2016-17.
- ◆ Net profit declined by 32% from ₹1725 lakhs in 2015-16 to ₹1177 lakhs in 2016-17.
- ◆ EPS stood at 18.98 and diluted EPS stood at 18.98 as on 31st March 2017.

## Risks and concerns

Our principal risks have been assessed according to impact and likelihood, and are described below. The order in which these risks appear does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their impact on our business. It is essential to have in place necessary systems to manage these risks, while balancing the relative risk/reward equations demanded by stakeholders. Our management systems, organizational structures, processes, standards, and code of conduct together form our internal control systems, which govern how we conduct business and manage all associated risks. Materiality and tolerance for risk are key considerations in our decision-making.



### Discovery risk

#### Impact:

The increased production rates from our growth oriented quarries demand on exploration and prospecting initiatives to replace reserves and resources at a pace faster than depletion. A failure in our ability to discover new reserves, enhance existing reserves or develop new operations in sufficient quantities to maintain or grow the current level of our reserves could negatively affect our prospects.

#### Mitigation measures:

Our strategic priority is to add to our reserves through continuous focus on survey and exploration of new quarries. In order to accelerate this process, we have created a separate team with adequate financial resources.



### Operational Risk

#### Impact:

Losses of the apparel manufacturing and retailing division impact overall profitability of the company.

#### Mitigation measures:

The Company is exploring potential strategic restructuring options for its apparel business. All options are being evaluated to determine the best opportunity to drive future growth and maximize shareholder value.



### Reliability and predictability in operational performance

#### Impact:

Our operations are subject to conditions and events beyond our control that could, among other matters, increase our mining, transportation or production costs, disrupt or halt operations at our mines and production facilities for varying lengths of time.

#### Mitigation measures:

Asset utilisation and cost of production (CoP) continues to be a priority. We carry out periodic benchmarking of CoP and other operational efficiencies.



### Currency exchange rate fluctuations

#### Impact:

We derive substantial income from exports. We have foreign currency loans and we also import a small portion of our raw materials and a significant part of our consumables and capital equipment, hence it only has a partial natural hedge. Any volatility in the Currency exchange rate would therefore impact the company.

#### Mitigation measures:

Pokarna doesn't fluctuate in forex. The Audit Committee reviews our forex-related matters periodically and suggests necessary courses of action as may be needed by businesses from time to time, and within the overall framework of our forex policy.

**Political, legal and regulatory risk**

**Impact:**

We export to many countries around the globe, which have varying degrees of political and commercial stability. Any unrest and instability in such countries would impact the company.

**Mitigation measures:**

We monitor regulatory and political developments on a continuous basis

**Breaches in information/IT security**

**Impact:**

Like many other organisations, our reliance on computers and network technology is increasing. Any cyber security breach could have an impact on business operations.

**Mitigation measures:**

Organisation is in place for information and IT security. IT security policies and procedures are defined. An IT system is in place to monitor logical access controls.

**Community relations**

**Impact:**

The continued success of our existing operations and future projects are in part dependent upon broad support and a healthy relationship with the respective local communities. Failure to identify and manage local concerns and expectations could affect the organization’s reputation and social license to operate and grow

**Mitigation measures:**

We have periodic engagements with all local communities to establish relations based on trust and mutual benefit. Our focus is on local consent prior to accessing resources or starting work. We seek to identify and minimise potential negative operational impacts and risks through responsible behaviour – acting transparently and ethically, promoting dialogue and complying with commitments to stakeholders. The Board’s Corporate Social Responsibility (CSR) Committee decides the focus areas of all CSR activities, budget and programmes to be undertaken.

**Health, safety and environment**

**Impact:**

The granite mining and processing sector is subject to extensive health, safety, and environmental laws, regulations and standards. Evolving regulations, standards and stakeholder expectations could result in increased cost or litigation.

**Mitigation measures:**

Compliance of local regulations and standards, and protecting our people, communities and the environment from harm and our operations from business interruptions, are our key focus areas. We have appropriate policy in place for occupational health-related matters. We are implementing programmes to eliminate fatalities and control injuries. We continue to improve on our safety investigations and follow-up processes.

**Talent/skill shortage risk**

**Impact:**

The Company’s efforts to continue its growth and efficient operations will place significant demand on its management resources. Our highly skilled workforce and experienced management team is critical to maintaining its current operations, implementing its development projects and achieving longer-term growth.

**Mitigation measures:**

We continue to invest in initiatives to widen our talent pool. Our performance management system is designed to provide reward and remuneration structures and personal development opportunities to attract and retain key employees.

**Internal control systems and adequacy**

The Company has set up a proper and adequate system of internal control to ensure protection of assets against disposition or loss on account of unauthorised use and that all transactions are approved, recorded and rightly reported. Also, the system has been designed to ensure that financial and other records are accurate for preparing financial information and other data, and for maintaining accountability for assets and liabilities. The control system is also equally aided by rigorous internal audit, guidelines and procedures.

**Human resources**

Your Company strives towards building a transparent and conducive work environment for its employees. The focus is on covering all aspects of employee lifecycle to provide them a holistic experience. Your Company recognises that workforce with a proper work-life balance will be a motivated and committed contributor. During his/her tenure, the employee is exposed to different roles, assigned various tasks and multiple skill development activities to keep them motivated and progressive. Furthermore, the Company also conducts interventions to gather ideas around innovations to engage and develop employees.

**Cautionary statement**

Certain statements in this report may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local, political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Important factors that could make a difference to your Company’s operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which your Company operates, changes in the Government regulations, tax laws, statutes and other incidental factors. Your Company will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

# Invitation

August 03rd, 2017

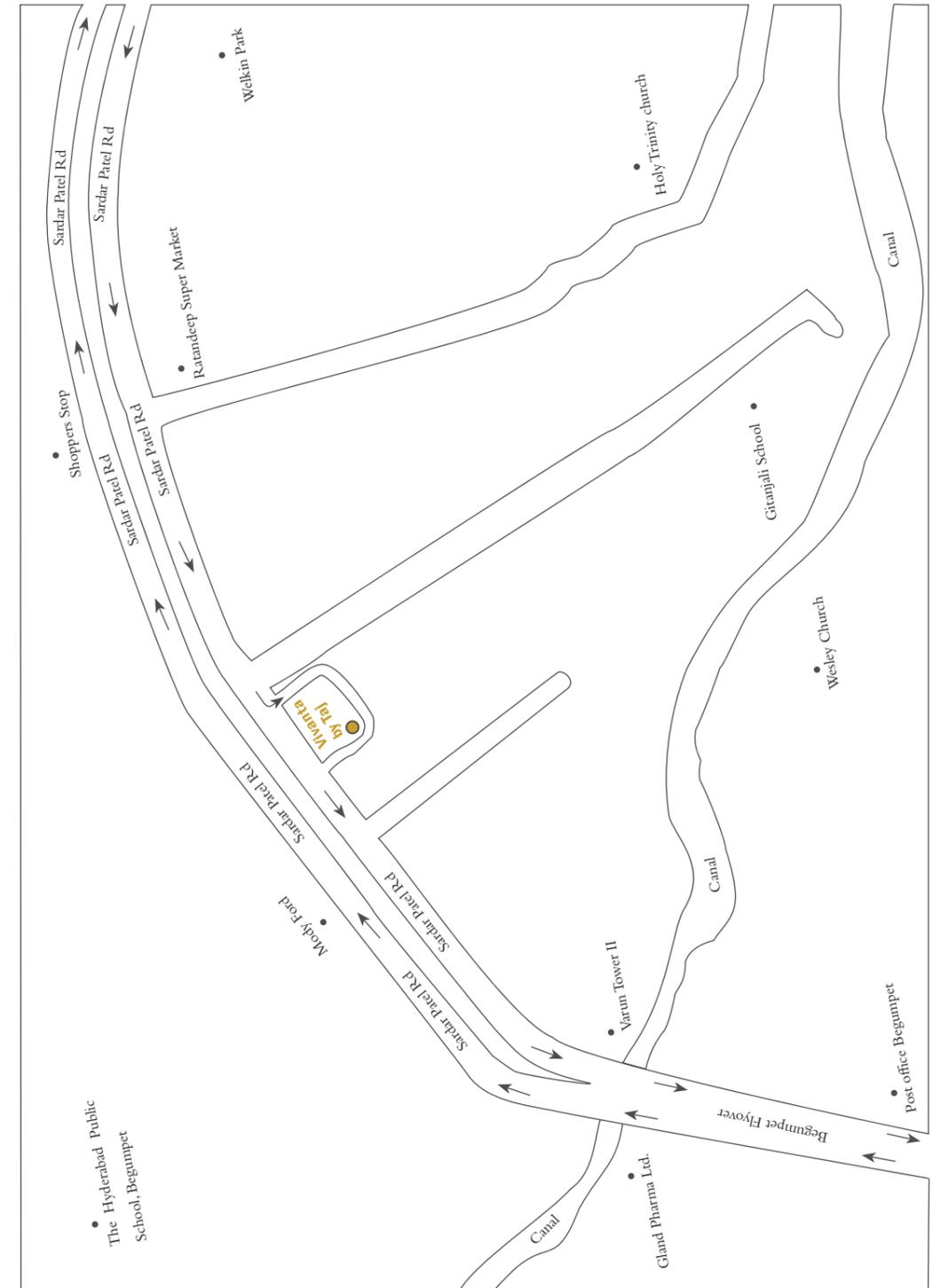
Dear member,

You are cordially invited to attend the 26th Annual General Meeting of the members of Pokarna Limited ("the Company") to be held on Monday, September 18, 2017 at 10.30 a.m. IST at Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India - 500016.

The Notice of the meeting, containing the business to be transacted, is enclosed herewith. As per Section 108 of the Companies Act, 2013, read with the related Rules, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. The instructions for remote e-voting are being forwarded along with the copy of Annual Report.

Very truly yours,  
Your Board of Directors

# Route Map to the AGM Venue



# Notice of the Twenty-Sixth Annual General Meeting

Notice is hereby given that the 26th Annual General Meeting of Members of Pokarna Limited, will be held on September 18, 2017, Monday, at 10.30 a.m., at Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India - 500016 to transact the following businesses:

## Ordinary Business:

### Item No. 1 – Adoption of Financial Statements

To receive, consider and adopt:

- the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2017 and the Reports of the Board of Directors and the Auditors thereon; and
- the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2017 and the Report of the Auditors thereon.

### Item No. 2 – Declaration of Dividend

To declare final dividend of ₹3 per equity share for the Financial Year ended March 31, 2017.

### Item No. 3 – Appointment of a Director

To appoint a Director in place of Mr. Prakash Chand Jain (DIN: 00084490), who retires by rotation and, being eligible, seeks re-appointment.

### Item No. 4 – Appointment of Auditors

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** Messrs. K.C. Bhattacharjee & Paul (FRN: 303026E) registered with the Institute of Chartered Accountants of India, be and are hereby appointed as Auditors to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting of the Company, at a remuneration to be decided by the Audit Committee of the Board in consultation with the Auditors”.

## Special Business:

### Item No. 5 – Ratification of Cost Auditors’ Remuneration

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the Company hereby ratifies the remuneration of ₹1,00,000 plus out-of-pocket expenses payable to Messrs DZR & Co., Cost Accountants (FRN 00173) registered with the Institute of Cost Accountants of India, who have been appointed by the Board of Directors as the Cost Auditors of the Company, to conduct the audit of the cost records of quarrying operations of the Company, for the Financial Year ending March 31, 2018”.

### Item No. 6 – Approval of sub-division (stock-split)

To consider and if thought fit, to pass with or without modification(s), the following Resolution as Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s), amendment or re-enactment thereof for the time being in force) and relevant provisions of the SEBI (LODR) Regulations, 2015 and applicable guidelines issued by the Securities and Exchange Board of India (SEBI) and other regulatory/statutory authorities and all other applicable rules and regulations, and in accordance with the Articles of Association of the Company and other approvals, consents, permissions and sanctions, if any, required from any authority and subject to such conditions as may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”), consent of the Company be and is hereby accorded to sub-divide each Equity Share of the Company having Face value of ₹10/- (Rupees Ten only) into 5 (Five) Equity Shares of Face value of ₹2/- (Rupees Two only) each fully paid-up and consequently, the Authorized Share Capital of the Company of ₹20,00,00,000/- (Rupees Twenty Crores only) would comprise of 10,00,00,000 (Ten Cores) Equity Shares of ₹2/- (Rupees Two only) each with effect from the “Record Date” to be determined for this purpose.

**RESOLVED FURTHER THAT** pursuant to the subdivision of the Equity Shares of the Company, each Equity Share of the Face value of ₹10/- (Rupees Ten only) as existing on the Record Date shall stand subdivided into 5 (Five) Equity Shares of the Face value of ₹2/- (Rupees Two only) each fully paid-up, with effect from the Record Date.

**RESOLVED FURTHER THAT** on sub-division, 5 (Five) Equity Shares of the Face value of ₹2/- (Rupees Two only) each be issued in lieu of one Equity Share of ₹10/- (Rupees Ten only) each and such Equity shares shall rank paripassu in all respects including dividend and carry the same rights as the existing fully paid Equity Shares of ₹10/- (Rupees Ten only) each of the Company.

**RESOLVED FURTHER THAT** upon sub-division of Equity Shares of the Company as aforesaid, the existing share certificate(s) in relation to the existing Equity Shares of Face value of ₹10/- (Rupees Ten only) each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date and that no letter of allotment shall be issued to the allottees of the new Equity Shares of ₹2/- (Rupees Two only) each on subdivision and the Company may, without requiring the surrender of existing share certificate(s), directly issue and dispatch the new share certificate(s) of the Company, in lieu of such existing share certificate(s), within the period prescribed or that may be prescribed in this behalf from time to time and in the case of shares held in dematerialized form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the shareholders with the Depository Participants in lieu of the existing credits representing the Equity Shares before sub-division, at free of cost to the shareholders.

**RESOLVED FURTHER THAT** the Committee of the Board, constituting of Mr. Gautam Chand Jain, Chairman & Managing Director, Mr. Meka Yugandhar, Independent Director, Mr. Rahul Jain, Managing Director and Mrs. Apurva Jain, Executive Director to be named as ‘Issue and Allotment Committee’ be and is hereby authorized to fix a Record Date and to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary, proper and expedient or incidental for the purpose of giving effect to this resolution.

### Item No. 7 – Approval for amendment of Memorandum of Association

To consider and if thought fit, to pass with or without modification(s), the following Resolution as Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions contained in Section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s), amendments or re-enactment thereof for the time being in force) and relevant provisions of the SEBI (LODR) Regulations, 2015 and other approvals, consents, permissions and sanctions, if any, required from any authority, consent of the Company be and is hereby accorded to amend the existing Clause V of the Memorandum of Association of the Company by deletion of the existing Clause V and by substitution thereof with the following Clause V:

V.The Authorized Share Capital of the Company is ₹20,00,00,000 (Rupees Twenty Crores) divided into 10,00,00,000 Equity Shares

of ₹2 each. With the power to the Board to increase or reduce the capital of the Company and / or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights, as may be determined by or in accordance with the Articles of Association of the Company or as may be decided by the Board of Directors or the Company in General Meeting, as applicable in conformity with the provisions of the Act and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and to issue share of higher or lower denominations in such manner as may for the time being be provided by the Articles of Association of the Company.

**Item.No.8 - To approve the remuneration payable to the Directors who are neither the Managing Directors nor the Whole Time Directors of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary resolution:**

“**RESOLVED THAT** pursuant to Section 197, 198 and all other applicable provisions of the Companies Act, 2013, related provisions of SEBI (LODR) Regulations, 2015 and the Articles of Association of the Company, in addition to sitting fees being paid/payable for attending the meetings of the Board of Directors of the Company and committees thereof, the Company be and is hereby authorized to pay to its Directors (other than a Managing Director(s) and whole-time Director(s) of the Company) for a period of three years commencing from April 1, 2017, such commission as the Board of Directors may from time to time determine (to be divided amongst them in such proportion as may be determined by the Board of Directors from time to time and in default of such determination equally), but so that such commission shall not exceed 1% of the net profits of the Company in any financial year (computed in the manner provided in Section 198 of the Companies Act, 2013) plus taxes at applicable rate.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to determine the precise quantum of commission payable to each of such Non-Executive/Independent Directors of the Company on a year to year basis and to take such steps as may be necessary, desirable or expedient to give effect to this resolution”.

**Registered Office:**  
105, First Floor, Surya Towers,  
S. P. Road, Secunderabad - 500 003.  
CIN : L14102TG1991PLC013299  
Date : August 3, 2017

By Order of the Board  
Sd/-  
**Vinay Paruchuru**  
Company Secretary  
ACS No. A33145

**NOTES**

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty members holding in an aggregate, not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. Proxy holder shall prove his identity at the time of attending the Meeting. A Proxy Form which does not state the name of the Proxy shall be considered invalid.
4. Corporate members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of Companies Act, 2013 ("the Act") are requested to send to the Company a certified copy of the Board resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from September, 12th, 2017 to September, 18th, 2017 (Both days inclusive) for the purpose of payment of dividend, if any, approved by the Members.
6. If dividend on Equity Shares as recommended by the Board of Directors is approved at the meeting, payment of such dividends will be made on and from September, 18th, 2017 to those members whose names are on the Company's Register of Members after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before September, 11th, 2017. In respect of Equity Shares held in electronic form, the dividend will be paid to the beneficial owners of shares as at the end of business hours on September, 11th, 2017, as per details furnished by the Depositories for this purpose.
7. During the year under review, Company was not under any obligation, to transfer any amount to Investor Education and Protection Fund (IEPF).

8. The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17/2012 dated July 23, 2012 has directed companies to upload on the company's website information regarding unpaid and unclaimed dividend. In terms of the circular, the Company has uploaded the details of unpaid and unclaimed dividend as on the date of previous AGM and the same can be viewed on www.pokarna.com
9. (i) Members are requested to notify immediately any change of address:
  - a. to their Depository Participants ("DPs") in respect of the shares held in electronic form; and
  - b. to the Company or its RTA, in respect of the shares held in physical form together with a proof of address viz. Electricity Bill, Telephone Bill, Ration Card, Voter ID Card, Passport etc.
 (ii) In case the mailing address mentioned on this Annual Report is without the Pincode, Members are requested to kindly inform their Pincode immediately.
10. As per the provisions of the Companies Act, 2013, facility for making nominations is available to the members in respect of the shares held by them. Nomination forms can be obtained from the Company's Registrars and Transfer Agents by Members holding shares in physical form. Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participant.
11. Members desiring any information as regards the Accounts are requested to write to the Company Secretary at an early date so as to enable the management to keep the information ready at the meeting.
12. Disclosure pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with respect to Directors seeking re-appointment / appointment at the Meeting is given below:

Name of the Director	Mr. Prakash Chand Jain
Date of Birth	27th July, 1959
Date of Appointment	09-10-1991
Expertise in specific functional areas	General Management
Qualifications	Bachelor of Commerce
Names of the Listed entities in which the person is holding Directorships or Board Committee Memberships.	Pokarna Limited

Name of the Director	Mr. Prakash Chand Jain
Inter se relationship among Directors	Brother of Mr. Gautam Chand Jain, Chairman & Managing Director and accordingly related to Mr. Rahul Jain, Managing Director (Son of Mr. Gautam Chand Jain) and Mrs. Apurva Jain Executive Director (Spouse of Mr. Rahul Jain).
Number of Shares held in the Company	87,842

13. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013 will be available for inspection at the Annual General Meeting.
14. Members may utilize the facility extended by the Registrar and Transfer Agent for redressal of queries. Members may email their queries to einward.ris@karvy.com.
15. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Karvy Computershare Private Limited. Further pursuant to announcement made under Union Budget 2017-18, under "Other measures in Financial Sector" Members are requested to update their Aadhar details with Depository Participant, where they maintain the Demat account.
16. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose email address is registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent through permitted mode to those Members who have not registered their email address with the Company. Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode is requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.
17. In the case of joint holders attending the meeting, only such joint holder who is higher in the order of names, will be entitled to vote at the Meeting.
18. To support the 'Green Initiative' the Members who have not registered their e-mail addresses are requested to register the same with Karvy Computershare Private Limited / Depositories.

19. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on September, 11th, 2017, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 a.m. on September 15th, 2017 and will end at 5.00 p.m. on September 17th, 2017. Additionally, the facility for voting through electronic voting system shall also be made available at the AGM and the Members attending the AGM who have not cast their vote through remote e-voting can avail the said service.
20. Mr. K.V. Chalama Reddy, Practicing Company Secretary (C.P. No. 5451), is appointed to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner.
21. The Notice of Remote e-voting containing login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members along with the copy of the Notice. Which forms integral part of this notice.

**Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act")**

**Item No. 5 - Ratification of Cost Auditors' Remuneration**

The Company is required under Section 148 of the Companies Act, 2013 to have the audit of its cost records of its quarrying operations conducted by a Cost Accountant in Practice. The Board of Directors of the Company has on the recommendation of the Audit Committee, approved the appointment and remuneration of Messrs DZR & Co., Cost Accountants, the Cost Auditors of the Company to conduct the audit of cost records of the Company for products covered under the Companies (Cost Records and Audit) Rules, 2014 for the Financial Year ending March 31, 2018, at a remuneration of ₹1,00,000 plus reimbursement of out-of-pocket expenses, plus applicable taxes.

In accordance with the provisions of Section 148 of the Act read with Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the members of the Company.

Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2018.

# Directors' Report to the Shareholders

None of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise in the Resolution mentioned at Item No. 5 of the Notice.

The Board recommends the resolution set forth in Item No. 5 for the approval of the Members.

## Item No. 6 - Approval of sub-division (stock-split)

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). With a view to broad base the investor base by encouraging the participation of the small investors and also to increase the liquidity of Equity Shares of the Company, it is proposed to sub-divide each equity share of face value of ₹10/- each of the Company into smaller denomination.

Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for approval to sub-divide each Equity Share of the Company having Face value of ₹10/- (Rupees Ten only) into 5 (Five) Equity Shares of Face value of ₹2/- (Rupees Two only) each fully paid-up.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise in the Resolution mentioned at Item No. 6 of the Notice, except to the extent of shares held by them in the Company.

The Board recommends the resolution set forth in Item No. 6 for the approval of the Members.

## Item No. 7 - Approval for amendment of Memorandum of Association

Consequent to Sub-division (Stock split) of Shares proposed in Item No. 6, if approved, requires the alteration of Clause V of Memorandum of Association of the Company, in the manner set out at Item No. 7 of the Notice.

Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for amendment of Memorandum of Association.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise in the Resolution mentioned at Item No. 7 of the Notice.

The Board recommends the resolution set forth in Item No. 7 for the approval of the Members.

## Item No. 8 - Approval of remuneration payable to directors who are neither the Managing Directors nor the Whole time Directors of the Company

The Non-Executive Director and the Independent Directors of your Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as marketing, technology, corporate strategy, and finance. The Board is of the view that it is necessary that adequate compensation should be given to the Non-Executive Director and the Independent Directors so as to compensate them for their time and efforts and also to retain and attract the pool of talent for the growth and prosperity of the Company.

Pursuant to Section 197(7) of the Companies, Act, 2013 any payment of remuneration, in the form of profit related commission, to the Directors who are neither the Managing Directors nor the Whole time Directors of the Company, requires the approval of Members of the Company. Therefore the Board recommends the resolution for the approval of members.

The Non-Executive Director and the Independent Directors of the Company are concerned or interested financially in the resolution since the resolution relates to payment of commission to self. Mr. Gautam Chand Jain, Mr. Rahul Jain and Mrs. Apurva Jain who are Directors and also Key Managerial Personnel are also concerned or interested financially in the resolution since the resolution relates to payment of commission to their relative. Save and except these persons, no other Director or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise in the Resolution mentioned at Item No. 8 of the Notice.

The Board recommends the resolution set forth in Item No. 8 for the approval of the Members.

**Registered Office:**  
105, First Floor, Surya Towers,  
S. P. Road, Secunderabad - 500 003.  
CIN : L14102TG1991PLC013299  
Date : August 3, 2017

By Order of the Board  
Sd/-  
**Vinay Paruchuru**  
Company Secretary  
ACS No. A33145

Dear Members,

Your Directors take pleasure in presenting the 26th Annual Report with Audited Accounts for the year ended March 31, 2017.

## Financial Highlights

Sl. No.	Particulars	Standalone		Consolidated	
		2016-17	2015-16	2016-17	2015-16
1.	Total income	16092.56	19715.95	38698.25	39970.28
2.	Less-expenditure	14300.43	16942.63	29805.14	31622.70
3.	Profit/(Loss) Before tax and extra-ordinary items	1792.13	2773.32	8893.11	8347.58
4.	Total tax expenses	615.11	1048.51	1923.28	1474.77
5.	Exceptional / Extra-ordinary item	-	-	-	1751.95
6.	Profit after tax and Extra-ordinary item	1177.02	1724.81	6969.83	5120.86

₹ In Lakhs

## Overview and the State of the Company Affairs

During the financial year under review, on a standalone basis, the Company achieved revenue of ₹15825.05 Lakhs as against ₹19473.06 Lakhs in the previous year, thereby registering a decline of 18.73%. EBIDTA for the year under review was ₹3734.26 Lakhs, as against ₹5025.74 Lakhs representing a decrease of 25.69%. The net profit for the year under review decreased from ₹1724.81 Lakhs to ₹1177.02 Lakhs, showing a decline of 31.76%.

On a consolidated basis, during the financial year under review, the Company achieved revenue of ₹38029.91 Lakhs as against ₹39856.07 Lakhs in the previous year, thereby registering a decline of 4.58%. EBIDTA for the year under review was ₹14207.35 Lakhs, as against ₹13853.48 Lakhs representing a growth of 2.55%. The net profit (Without considering extraordinary and exceptional items) for the year under review increased from ₹6872.81 Lakhs to ₹6969.83 Lakhs, showing a growth of 1.41%. The increased bottom line translated into improved earnings per share from ₹82.58 in 2015-16 to ₹112.40 in 2016-17.

## Highlights of the year

### Listing on NSE

Company Listed on National Stock Exchange of India Limited (NSE) from 07th July, 2016; listing on both Bombay Stock Exchange Limited (BSE) and NSE will provide better price discovery.

### PESL Exited CDR Mechanism

Wholly owned subsidiary, Pokarna Engineered Stone Limited (PESL) received approval from Corporate Debt Restructuring

(CDR) Cell to exit CDR mechanism. Exit will not only enable greater operational and financial flexibility but will support growth plans. Pursuant to the terms of approval of CDRS' cell, PESL issued 1,59,300 Non-Convertible Debentures (NCDs) of ₹1000/- each to its consortium lenders (Indian Overseas Bank, Union Bank of India & Bank of India), out of which 53,101 NCDs' were redeemed on March 31, 2017.

### PESL Partners IKEA

Wholly owned subsidiary, Pokarna Engineered Stone Limited (PESL) partnered IKEA to serve as its exclusive quartz surfaces supply and installation partner for Indian Market. IKEA is the world's largest home furnishing Company with sales volume of 34.2 bn Euros. Pursuant to this partnership PESL to supply quartz surfaces besides undertaking measuring, planning, installation and home delivery of its products including countertops to IKEA's customers.

### CAPEX by PESL

Wholly owned subsidiary, Pokarna Engineered Stone Limited (PESL), to embark on a greenfield project to expand production capacity by 130%. Project cost (₹325 crores) to be funded through mix of internal accruals (₹75 crores) and Debt (₹250 crores). Further PESL will remain exclusive licensee of Bretonstone Technology in India, through March 2020.

### Value Unlocking – Proposed Sale of Apparel Biz

In line with Company's decision of focusing on its Core businesses (i.e Granite and Quartz). Board of Directors in principally approved Independent committee / Audit

Committee recommendation to sell off Apparel business. Sale of Apparel business is subject to finding suitable buyer / investor, receipt of acceptable offer & other requisite approval, consents and clearances of bankers / shareholders & other Institutions, as may be required.

#### Commissioning of New Granite Quarry

Commenced the operations of new Granite quarry at Buduruvada (Village), Parvathipuram (Mandal), Vizianagaram (District), Andhra Pradesh. Extent of Area - 10.0 Hectares. Color - "Cream Cashmere".

#### Stock Split

Board of Directors approved Sub-division of equity shares of face value of ₹10 each into 5 equity shares of face value of ₹2 each subject to approval of the shareholders and w.e.f. a record date to be fixed by the Board/Committee in this regard.

#### Dividend

The Directors are pleased to recommend the dividend of ₹3 per equity share for the Financial Year ended March 31, 2017. The dividend is subject to the approval of the Members at the Annual General Meeting ("AGM") scheduled on Monday, September 18, 2017. The total dividend pay-out works out to 15.80% (Financial Year 2015-16: 35.95%) of the net profit for the standalone results.

The Register of Members and Share Transfer Books will remain closed from September, 12th, 2017 to September, 18th, 2017 (Both days inclusive) for the purpose of payment of the dividend for the Financial Year ended March 31, 2017 and the AGM.

#### Transfer to Reserves

At a standalone level no amount is proposed to be transferred to the general reserve and an amount of ₹953.13 Lakhs is proposed to be retained in the profit and loss account. At a consolidated level an amount of ₹265.50 Lakhs is proposed to be transferred to Debenture Redemption reserve and an amount of ₹6480.44 Lakhs is proposed to be retained in the profit and loss account.

#### Directors' Responsibility Statement

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and the reviews performed by the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2016-17. Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge

and ability, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- that they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied their recommendations consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for that period;
- they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- A proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### Subsidiaries, Associates and Joint Venture Companies

Pursuant to AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of Pokarna Engineered Stone Limited ("PESL"), the wholly owned subsidiary company. The Company had no joint venture or associate during the financial year 2016-17.

As per the requirement of Section 129(3) of the Companies Act, 2013, a separate statement containing the salient features of the financial statements of the subsidiary in prescribed Form AOC-1 is attached to the financial statements of the Company. The Audited Accounts of the subsidiary Company can be accessed from the website of the Company - www.pokarna.com. The financial performance of PESL is given below:

During the financial year under review, Pokarna Engineered Stone Limited achieved revenue of ₹22212.34 Lakhs as against ₹20391.09 Lakhs in the previous year, thereby registering a growth of 8.93%. EBIDTA for the year under review was ₹10473.08 Lakhs as against ₹9106.64 Lakhs in the previous

year, representing a growth of 15.00%. The net profit (Without considering extraordinary and exceptional items) for the year under review increased from ₹5149.68 Lakhs to ₹5792.81 Lakhs, showing a growth of 11.10%.

#### Consolidated Financial Statement

In accordance with the Act, read with the Companies (Accounts) Rules, 2014 and Accounting Standard (AS)-21 on Consolidated Financial Statements, the Audited Consolidated Financial Statement is provided in the Annual Report.

#### Corporate Governance

The Directors reaffirm their commitment to good corporate governance practices. During the year under review, the Company was in compliance with the provisions relating to corporate governance as provided under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"). The compliance report is provided in the Corporate Governance section of this Annual Report. The auditor's certificate on compliance with the conditions of corporate governance of the Listing Regulations is given in Annexure to this Report.

The Managing Director and Chief Financial Officer of the Company have issued necessary certificate pursuant to the provisions of Regulation 17(8) of the Listing Regulations and the same forms part of this Report.

#### Management Discussion & Analysis Report

Management's Discussion & Analysis Report for the year under review is presented in a separate section forming part of the Annual Report.

#### Business Responsibility Report

The Business Responsibility Reporting as required by Regulation 34(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year ending March 31, 2017.

#### Corporate Social Responsibility

The Company is a caring corporate citizen and lays significant emphasis on the development of the host communities around which it operates. The Company, with this intent, has identified projects relating to Health Care, Sanitation, Rural development and Education during the year and initiated various activities in neighboring villages around

its plant location. The Corporate Social Responsibility Policy is available on your Company's website, <http://www.pokarna.com/wp-content/uploads/2016/04/CSR-Policy.pdf>

The Annual Report on CSR activities is given in Annexure II to this Report

At the end of the year, there is an unspent CSR amount of ₹56,83,949 Company proposes to accumulate the CSR funds, in order to take up the large projects, which would benefit the public at large.

#### Directors and Key Managerial Personnel

Mr. Prakash Chand Jain, retires by rotation and, being eligible, seeks re-appointment.

The Board recommends the re-appointment of Mr. Prakash Chand Jain. Items seeking your approval on the above is included in the Notice convening the AGM. Brief resume of the director proposed to be re-appointed form part of the Notes to the Notice of the ensuing AGM.

During the financial year 2016-17, Mr. Gautam Chand Jain, Chairman & Managing Director has received the following commission or remuneration from the subsidiary Company, Pokarna Engineered Stone Limited, in his capacity as the Managing Director of that Company.

Sl. No.	Particulars	Amount (₹)
1.	Salary	48,00,000
2.	Perquisites	3,71,721
3.	Commission	25,00,000
4.	<b>Total</b>	<b>76,71,721</b>

Mr. Rahul Jain, Managing Director and Mrs. Apurva Jain, Executive Director have not received any commission or remuneration from the Subsidiary Company, during the year under review.

#### Formal Annual Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out an evaluation of its own performance, Committees, and performance of individual Directors. The performance of the Board, Committees, and individual directors was evaluated by seeking inputs from all Directors. The performance of the individual Directors, including Independent Directors performance and role of the Board / Committees were also discussed at the Board Meeting.

## Committees of The Board

### Audit Committee

The Audit Committee comprises of Mr. Meka Yugandhar, Mr. Mahender Chand, Mr. Thati Venkataswamy Chowdary and Mr. Vinayak Rao Juvvadi, all Independent Directors. Further, details relating to the Audit Committee are provided in the Corporate Governance Report forming part of this Annual Report.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") comprises of Mr. Thati Venkataswamy Chowdary, Mr. Mahender Chand and Mr. Meka Yugandhar, Independent Directors and Mr. Prakash Chand Jain, Non-Executive Director. Further, details relating to the NRC are provided in the Corporate Governance Report forming part of this Annual Report.

### Stakeholder Relationship Committee

The Stakeholder Relationship Committee ("SRC") comprises of Mr. Thati Venkataswamy Chowdary and Mr. Meka Yugandhar, Independent Directors and Mr. Rahul Jain, Managing Director. Further, details relating to the SRC are provided in the Corporate Governance Report forming part of this Annual Report.

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee ("CSRC") comprises of Mr. Meka Yugandhar, Mr. Vinayak Rao Juvvadi, Independent Directors, and Mr. Gautam Chand Jain, Chairman and Managing Director. Further, details relating to the CSRC are provided in the Corporate Governance Report forming part of this Annual Report.

### Loans Committee:

The Loans Committee ("LOC") comprises of Mr. Meka Yugandhar, Independent Director, Mr. Gautam Chand Jain, Chairman and Managing Director and Mr. Prakash Chand Jain, Non-executive Director. Further, details relating to the LOC are provided in the Corporate Governance Report forming part of this Annual Report.

## Risk Management Policy

In terms of provisions of Section 134(3)(n) of the Companies Act, 2013, the Company has framed and put in place a Risk Management policy to mitigate the risks, both internal and external, which the Company is exposed to. The risk management policy of the Company is uploaded on the website of the Company i.e. <http://www.pokarna.com/wp-content/uploads/2014/07/Risk-Management-Policy.pdf>

Business Risk Assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with the Corporate Policies. The Company manages, monitors

and reports on the principal risks and uncertainties that can impact the ability to achieve the objectives. This is an ongoing process to track the evaluation of risks and delivery of mitigating action plans.

There is no identification of risks which in the opinion of the Board may threaten the existence of the Company.

## Related Party Transactions

All transactions entered with Related Parties for the year under review were on arm's length basis and there are no material related party transactions as per the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder. Thus, disclosure in form AOC-2 in terms of Section 134 of the Companies Act, 2013 is not required. The Company has developed a framework through Standard Operating Procedures for the purpose of identification and monitoring of such Related Party Transactions.

All Related Party Transactions are placed before the Audit Committee as also to the Board for approval. Transactions entered into pursuant to omnibus approval are placed before the Audit Committee and the Board for review and approval on a quarterly basis.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company <http://www.pokarna.com/wp-content/uploads/2016/04/RPT-policy.pdf>

Your attention is drawn to the Related Party disclosures set out in Note no. 2.28 of the Standalone Financial Statements.

## Internal Financial Controls

The Board of Directors "Board" has devised systems, policies and procedures / frameworks, which are currently operational within the Company for ensuring the orderly and efficient conduct of its business, which includes adherence to Company's policies and standard operating procedures, safeguarding assets of the Company, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. In line with best practices, the Audit Committee and the Board reviews these internal control systems to ensure they remain effective and are achieving their intended purpose. Where weaknesses, if any, are identified as a result of the reviews, new procedures are put in place to strengthen controls. These controls are in turn reviewed at regular intervals.

The Company's internal financial control system comprises in-house Internal Audit Division, supplemented by internal audit checks from Mr. Murali Jaganmohan, Chartered Accountant, the Internal Auditors. The Company's system of internal audit includes: covering quarterly verification of inventory, a monthly review of accounts and a quarterly review of critical business

processes. The Internal Auditors also concurrently audit the majority of the transactions in value terms.

The Company developed web based comprehensive legal compliance tool that tracks compliances across factories, mines and other places of business. This tool drills down from the CMD to the executive level person who is responsible for compliance.

Due to the limitations, inherent in any risk management system, the process for identifying, evaluating, and managing the material business risks is designed to manage, rather than eliminate risk. Besides it is created to provide reasonably, but not absolute assurance against material misstatement or loss.

Since the Company has strong internal control systems which get further accentuated by review of SEBI Regulations, Companies Act, 2013, the CMD and CFO give their recommendation for strong internal financial control to the Board.

Based on the information provided, nothing has come to the attention of the Directors to indicate that any material breakdown in the function of these controls, procedures or systems occurred during the year under review. There have been no significant changes in the Company's internal financial controls during the year that have materially affected or are reasonably likely to materially affect its internal financial controls.

There are inherent limitations to the effectiveness of any system of disclosure, controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their objectives. Moreover, in the design and evaluation of the Company's disclosure controls and procedures, the management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

## Audit and Audit Reports

### Statutory Auditors

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s. S. Daga & Co., Chartered Accountants (FRN: 000669S), the Statutory Auditors of the Company, hold office up to the conclusion of the ensuing AGM.

Board of Directors put on record their deep appreciation for the services rendered by the retiring auditors, during such a long relationship.

Pursuant to Section 139(2) it is proposed to appoint Messrs. K.C. Bhattacharjee & Paul (FRN: 303026E) registered with Institute of Chartered Accountants of India, as the Auditors of the Company, in the place of retiring auditors M/s. S. Daga & Co., Chartered Accountants (FRN: 000669S).

The consent for being appointed as Auditors and certificate under Section 139 of the Companies Act, 2013, to the effect that their appointment, if made, would be in accordance with the prescribed conditions and that they are eligible to hold the office of the Auditors of the Company, have been obtained from Messrs. K.C. Bhattacharjee & Paul.

Auditors' Report does not contain any qualification, reservation or adverse remark. With regard to observation on non-payment of advance tax for the financial year 2016-17, Company shall pay the same on or before the due date of filing of return of income, pursuant to Section 139 of Income Tax Act, 1961.

### Cost Auditors

Pursuant to the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended, Notifications/ Circulars issued by the Ministry of Corporate Affairs from time to time, your Board has appointed M/s. DZR & Co., Cost Accountants, Hyderabad, as the Cost Auditors to conduct the cost audit of the quarrying operations of the Company for the financial year 2017-18 at a remuneration as mentioned in the Notice convening the AGM.

### Secretarial Auditors

During the year, Secretarial Audit was carried out by Mr. K.V. Chalama Reddy Practising Company Secretary, the Secretarial Auditor of the Company for the financial year 2016-17. There were no qualifications, reservations or adverse remarks given by Secretarial Auditors of the Company. The detailed report on the Secretarial Audit is appended as an Annexure IV to this Report.

## Disclosures

### Vigil Mechanism / Whistleblower Policy

Your Company has established a robust Vigil Mechanism for reporting of concerns through the Whistleblower Policy of the Company. Adequate safeguards are provided against victimization to those who avail of the mechanism and access to the Chairman of the Audit Committee in exceptional cases is provided to them. The details of the Vigil Mechanism is also provided in the Corporate Governance Report and the Whistleblower Policy has been uploaded on the website of the Company <http://www.pokarna.com/wp-content/uploads/2014/07/Whistle-Blower-Policy.pdf>

### Meetings of the Board

The Board of Directors of your Company met Eight times during the year to deliberate on various matters. The meetings were held on May 02, 2016, May 30, 2016 August, 10, 2016, November, 04th, 2016, December, 30th, 2016, January, 13th, 2017, February, 10th, 2017 and March, 21, 2017. Further details on the Board of Directors are provided in the Corporate Governance Report forming part of this Annual Report.

# Annexure – I

## Particulars of Loans, Guarantees and Investments

Details of loans given, investments made, guarantees given and securities provided and investments covered under the provisions of Section 186 of the Act are covered in the Note 2.29 to the Financial Statements.

## Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo, as stipulated under Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014, is given in Annexure 'V' to this Report.

## Extract of Annual Return

The extract of annual return in Form MGT-9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is given in Annexure 'I' to this Report.

## Material Changes and Commitments Affecting the Financial Position of the Company which have Occurred Between the end of the financial year to which the Financial Statement Relates and the date of the report

Except as disclosed elsewhere in this Report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and the date of this Report.

## Particulars of Employees

None of the employees of the company was in receipt of remuneration in excess of limits prescribed under Rule 5(2) read with Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Disclosure required under Section 197(12) of Companies Act 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in Annexure 'III' to this Report.

## Prevention of Sexual Harassment at Workplace

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at the workplace with a mechanism of lodging complaints. During the year under review, no complaints were reported to the Committee.

## Deposits

During the year under review, the Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act, 2013 (the Act) read with the Companies (Acceptance of Deposits) Rules, 2014. Hence, the requirement for furnishing details of deposits which are not in compliance with Chapter V of the Act is not applicable.

## Human Resources

Your Company believes that Human Resources will play a significant role in its future growth. With an unswerving focus on nurturing and retaining talent, your Company provides avenues for learning and development through functional, behavioral and leadership training programs, knowledge exchange conferences, communication channels for information sharing to name a few.

## General

The Company has adopted the policies in line with new governance requirements including the Policy on Related Party Transactions, Policy on Material Subsidiaries, CSR Policy and Whistleblower Policy. These policies are available on the website of the Company at www.pokarna.com.

As on March 31, 2017, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

## Acknowledgment

Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to attain this position. The Board places on record its appreciation for the support and co-operation your Company has been receiving from its Suppliers, Distributors, Business partners and others associated with the Company. It will be the Company's endeavour to build and nurture strong links with the trade, based on mutuality of benefits, respect for and cooperation with each other, consistent with client interests.

The Directors also take this opportunity to thank all Investors, Customers, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

For and on behalf of the Board

Sd/-

**Gautam Chand Jain**

Chairman & Managing Director  
(DIN : 00004775)

Date : August 3, 2017  
Place : Secunderabad

## FORM NO. MGT- 9

### Extract of Annual Return

As on the Financial Year Ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. Registration and other details:

i) CIN	L14102TG1991PLC013299
ii) Registration Date	09/10/1991
iii) Name of the Company	Pokarna Limited
iv) Category / Sub-Category of the Company	Company Limited by Shares / Indian Non-Government Company
v) Address of the Registered office and contact details	105, 1st Floor, Surya Towers, Secunderabad, Telangana State – 500003, India. Tel: +91 40-2789 7722, Fax: +91 40-2784 2121, Email: contact@pokarna.com, Website: www.pokarna.com
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Ph: +91 4067161616

## II. Principal Business Activities of the Company

### Business activities contributing 10% or more of the total turnover of the Company:

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Processing and sale of granite slabs	23960	42.54
2.	Mining and sale of granite blocks	08102	51.32

## III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Pokarna Engineered Stone Limited	U17219TG2001PLC036015	Subsidiary	100%	2(87)

**IV. Share Holding Pattern (Equity Share Capital Break up and percentage of Total Equity):**

Category Code	Category of Shareholder	No. of Shares Held at the Beginning of the year 31/03/2016				No. of Shares Held at the end of the year 31/03/2017				% Change During the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A)</b>	<b>Promoter and Promoter Group</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individual /HUF	3513777	0	3513777	56.67	3513777	0	3513777	56.67	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(1) :</b>	<b>3513777</b>	<b>0</b>	<b>3513777</b>	<b>56.67</b>	<b>3513777</b>	<b>0</b>	<b>3513777</b>	<b>56.67</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>3513777</b>	<b>0</b>	<b>3513777</b>	<b>56.67</b>	<b>3513777</b>	<b>0</b>	<b>3513777</b>	<b>56.67</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions /Banks	0	0	0	0.00	8727	0	8727	0.14	0.14
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	73375	0	73375	1.18	36241	0	36241	0.58	-0.60
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(1) :</b>	<b>73375</b>	<b>0</b>	<b>73375</b>	<b>1.18</b>	<b>44968</b>	<b>0</b>	<b>44968</b>	<b>0.73</b>	<b>-0.46</b>
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	339526	0	339526	5.48	364112	0	364112	5.87	0.40
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	967862	103526	1071388	17.28	853994	68526	922520	14.88	-2.40
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	1114429	0	1114429	17.97	1000468	0	1000468	16.13	-1.84
(c)	Others									
	Clearing Members	10590	0	10590	0.17	303480	0	303480	4.89	4.72
	Non Resident Indians	76498	800	77298	1.25	37714	400	38114	0.61	-0.63
	NRI Non-Repatriation	0	0	0	0.00	13361	0	13361	0.22	0.22
	Trusts	417	0	417	0.01	0	0	0	0.00	-0.01
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(2) :</b>	<b>2509322</b>	<b>104326</b>	<b>2613648</b>	<b>42.15</b>	<b>2573129</b>	<b>68926</b>	<b>2642055</b>	<b>42.61</b>	<b>0.46</b>
	<b>Total B=B(1)+B(2) :</b>	<b>2582697</b>	<b>104326</b>	<b>2687023</b>	<b>43.33</b>	<b>2618097</b>	<b>68926</b>	<b>2687023</b>	<b>43.33</b>	<b>0.00</b>
	<b>Total (A+B) :</b>	<b>6096474</b>	<b>104326</b>	<b>6200800</b>	<b>100.00</b>	<b>6131874</b>	<b>68926</b>	<b>6200800</b>	<b>100.00</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by custodians, against which Depository Receipts have been issued</b>									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Grand Total (A+B+C) :</b>	<b>6096474</b>	<b>104326</b>	<b>6200800</b>	<b>100.00</b>	<b>6131874</b>	<b>68926</b>	<b>6200800</b>	<b>100.00</b>	<b>0.00</b>

**(i) Shareholding of Promoters & Changes during the year:**

**Shareholding Pattern of Promoter & Promoter Group Shareholders Between 31/03/2016 and 31/03/2017**

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	K Ashok Chand Jain	625000	10.08	31/03/2016			625000	10.08
				18/11/2016	50000	Transfer	675000	10.89
				02/12/2016	(587158)	Transfer	87842	1.42
				31/03/2017			87842	1.42
2	K Raaj Kumar Jain	510150	8.23	31/03/2016			510150	8.23
				02/12/2016	(422308)	Transfer	87842	1.42
				31/03/2017			87842	1.42
3	K Gautam Chand Jain	500000	8.06	31/03/2016			500000	8.06
				02/12/2016	1837409	Transfer	2337409	37.70
				31/03/2017			2337409	37.70
4	K Dilip Kumar Jain	500000	8.06	31/03/2016			500000	8.06
				31/03/2017			500000	8.06
5	K Prakash Chand Jain	500000	8.06	31/03/2016			500000	8.06
				18/11/2016	53627	Transfer	553627	8.93
				02/12/2016	(465785)	Transfer	87842	1.42
				31/03/2017			87842	1.42
6	Neha Jain	100000	1.61	31/03/2016			100000	1.61
				31/03/2017			100000	1.61
7	Rekha Jain	100000	1.61	31/03/2016			100000	1.61
				02/12/2016	(100000)	Transfer	0	0.00
				31/03/2017			0	0.00
8	Anju Jain	100000	1.61	31/03/2016			100000	1.61
				18/11/2016	50000	Transfer	150000	2.42
				02/12/2016	(62158)	Transfer	87842	1.42
				31/03/2017			87842	1.42
9	Ritu Jain	100000	1.61	31/03/2016			100000	1.61
				02/12/2016	(100000)	Transfer	0	0.00
				31/03/2017			0	0.00
10	Chaya Jain	100000	1.61	31/03/2016			100000	1.61
				02/12/2016	(100000)	Transfer	0	0.00
				31/03/2017			0	0.00
11	Vidya Jain	100000	1.61	31/03/2016			100000	1.61
				31/03/2017			100000	1.61
12	Rahul Jain	100000	1.61	31/03/2016			100000	1.61
				31/03/2017			100000	1.61
13	Ria Jain	25000	0.40	31/03/2016			25000	0.40
				18/11/2016	(25000)	Transfer	0	0.00
				31/03/2017			0	0.00
14	Megha Jain	25000	0.40	31/03/2016			25000	0.40
				31/03/2017			25000	0.40
15	Sonal Jain	25000	0.40	31/03/2016			25000	0.40
				18/11/2016	(25000)	Transfer	0	0.00
				31/03/2017			0	0.00
16	Ekta Jain	25000	0.40	31/03/2016			25000	0.40
				18/11/2016	(25000)	Transfer	0	0.00
				31/03/2017			0	0.00
17	Pratik Jain	28627	0.40	31/03/2016			28627	0.40
				18/11/2016	(28627)	Transfer	0	0.00
				31/03/2017			0	0.00
18	Nidhi Jain	25000	0.40	31/03/2016			25000	0.40
				18/11/2016	(25000)	Transfer	0	0.00
				31/03/2017			0	0.00
19	Harshitha Jain	25000	0.40	31/03/2016			25000	0.40
				18/11/2016	(25000)	Transfer	0	0.00
				31/03/2017			0	0.00

(ii) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and holders of ADR's and GDR's)  
Shareholding Pattern of Top 10 Shareholders Between 31/03/2016 and 31/03/2017

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year					
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company				
1	Ashish Kacholia	355315	5.73	31/03/2016			355315	5.73				
				03/06/2016	3247	Transfer	358562	5.78				
				10/06/2016	25000	Transfer	383562	6.19				
				17/06/2016	27400	Transfer	410962	6.63				
				29/07/2016	10284	Transfer	421246	6.79				
				05/08/2016	6443	Transfer	427689	6.90				
				25/11/2016	7042	Transfer	434731	7.01				
				02/12/2016	2738	Transfer	437469	7.06				
				30/12/2016	3167	Transfer	440636	7.11				
				06/01/2017	9034	Transfer	449670	7.25				
				13/01/2017	2316	Transfer	451986	7.29				
				17/02/2017	2589	Transfer	454575	7.33				
				24/02/2017	10511	Transfer	465086	7.50				
				31/03/2017			465086	7.50				
				2	PCS Securities Limited	5651	0.09	31/03/2016			5651	0.09
								22/04/2016	(30)	Transfer	5621	0.09
29/04/2016	(127)	Transfer	5494					0.09				
27/05/2016	800	Transfer	6294					0.10				
10/06/2016	98	Transfer	6392					0.10				
17/06/2016	(5191)	Transfer	1201					0.02				
24/06/2016	(54)	Transfer	1147					0.02				
08/07/2016	(747)	Transfer	400					0.01				
22/07/2016	(297)	Transfer	103					0.00				
12/08/2016	12	Transfer	115					0.00				
19/08/2016	20	Transfer	135					0.00				
26/08/2016	(32)	Transfer	103					0.00				
07/10/2016	19	Transfer	122					0.00				
14/10/2016	106	Transfer	228					0.00				
14/10/2016	(19)	Transfer	209					0.00				
21/10/2016	50	Transfer	259					0.00				
21/10/2016	(209)	Transfer	50					0.00				
28/10/2016	(50)	Transfer	0					0.00				
25/11/2016	2	Transfer	2					0.00				
13/01/2017	2013	Transfer	2015					0.03				
20/01/2017	771	Transfer	2786					0.04				
27/01/2017	(771)	Transfer	2015					0.03				
10/02/2017	(2013)	Transfer	2					0.00				
17/03/2017	254	Transfer	256	0.00								
24/03/2017	(54)	Transfer	202	0.00								
31/03/2017	300000	Transfer	300202	4.84								
31/03/2017	(115)	Transfer	300087	4.84								
31/03/2017			300087	4.84								
3	Nemi Chand	300000	4.84	31/03/2016			300000	4.84				
				31/03/2017	(300000)	Transfer	0	0.00				
				31/03/2017			0	0.00				
4	Suresh Bhatia	62500	1.01	31/03/2016			62500	1.01				
				28/10/2016	80	Transfer	62580	1.01				
				20/01/2017	8614	Transfer	71194	1.15				
				31/03/2017			71194	1.15				
5	Premier Investment Fund Limited	54815	0.88	31/03/2016			54815	0.88				

(ii) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and holders of ADR's and GDR's)  
Shareholding Pattern of Top 10 Shareholders Between 31/03/2016 and 31/03/2017

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				06/05/2016	(2000)	Transfer	52815	0.85
				13/05/2016	(12)	Transfer	52803	0.85
				21/10/2016	(20071)	Transfer	32732	0.53
				11/11/2016	(30000)	Transfer	29732	0.48
				31/03/2017			29732	0.48
				6	Gaurav Sanghvi	50000	0.81	31/03/2016
17/03/2017	25000	Transfer	75000					1.21
17/03/2017	(25000)	Transfer	50000					0.81
31/03/2017			50000					0.81
7	Girish Nilkanth Kulkarni	0	0.00	31/03/2016			0	0.00
				08/04/2016	1785	Transfer	1785	0.03
				13/05/2016	4814	Transfer	6599	0.11
				20/05/2016	5000	Transfer	11599	0.19
				10/06/2016	13301	Transfer	24900	0.40
				17/06/2016	2500	Transfer	27400	0.44
				22/07/2016	16776	Transfer	44176	0.71
				02/09/2016	3000	Transfer	47176	0.76
				31/03/2017			47176	0.76
				31/03/2017			0	0.00
8	Nisarg Ajay kumar Vakharia	0	0.00	31/03/2016			0	0.00
				04/11/2016	38500	Transfer	38500	0.62
				17/02/2017	2500	Transfer	41000	0.66
				31/03/2017			41000	0.66
				31/03/2016			40395	0.65
				06/05/2016	(10)	Transfer	40385	0.65
9	Jigar Lalchand Shah	40395	0.65	13/05/2016	805	Transfer	41190	0.66
				13/05/2016	(805)	Transfer	40385	0.65
				08/07/2016	2500	Transfer	42885	0.69
				05/08/2016	9093	Transfer	51978	0.84
				05/08/2016	(9093)	Transfer	42885	0.69
				19/08/2016	5168	Transfer	48053	0.77
				19/08/2016	(5168)	Transfer	42885	0.69
				30/09/2016	1500	Transfer	44385	0.72
				07/10/2016	14876	Transfer	59261	0.96
				07/10/2016	(14876)	Transfer	44385	0.72
				14/10/2016	4822	Transfer	49207	0.79
				14/10/2016	(4822)	Transfer	44385	0.72
				04/11/2016	4822	Transfer	49207	0.79
				04/11/2016	(4822)	Transfer	44385	0.72
25/11/2016	(6180)	Transfer	38205	0.62				
10	SCIL Ventures Limited	0	0.00	06/01/2017	(238)	Transfer	37967	0.61
				27/01/2017	663	Transfer	38630	0.62
				17/02/2017	6377	Transfer	45007	0.73
				31/03/2017			45007	0.73
				31/03/2016			0	0.00
				30/09/2016	1000	Transfer	1000	0.02
				07/10/2016	3500	Transfer	4500	0.07
				04/11/2016	21558	Transfer	26058	0.42
				11/11/2016	7991	Transfer	34049	0.55
				18/11/2016	889	Transfer	34938	0.56
				31/03/2017			34938	0.56

(ii) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and holders of ADR's and GDR's)  
Shareholding Pattern of Top 10 Shareholders Between 31/03/2016 and 31/03/2017

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
11	Krishna Kumar Karwa	30000	0.48	31/03/2016			30000	0.48
				13/01/2017	(5000)	Transfer	25000	0.40
12	Sanjiv Dhiresbhai Shah	29247	0.47	31/03/2016			29247	0.47
				19/08/2016	6925	Transfer	36172	0.58
				26/08/2016	4016	Transfer	40188	0.65
				09/09/2016	11892	Transfer	52080	0.84
				30/09/2016	305	Transfer	52385	0.84
				07/10/2016	92	Transfer	52477	0.85
				04/11/2016	200	Transfer	52677	0.85
				16/12/2016	5331	Transfer	58008	0.94
				20/01/2017	(6714)	Transfer	51294	0.83
				27/01/2017	(2321)	Transfer	48973	0.79
13	Prem Behari Vaid	27706	0.45	03/02/2017	(900)	Transfer	48073	0.78
				10/02/2017	(2199)	Transfer	45874	0.74
				31/03/2017			45874	0.74
				31/03/2016			27706	0.45
				31/03/2017			27706	0.45
14	Sanblue Corporation Limited	25213	0.41	31/03/2016			25213	0.41
				31/03/2017			25213	0.41

Note: Details of top ten shareholders as on March 31, 2016 and March 31, 2017 are included in the aforementioned table.

(iii) Shareholding of Directors and Key Managerial Personnel;

Sl. No.	Name	Shareholding as on 01-04-2016		Shareholding as on 31-03-2017		Change in percentage of holding
		No of Shares	% of total shares of the company	No. of shares	% of total shares of the Company.	
1.	Gautam Chand Jain Chairman & Managing Director	500000	8.06	23,37,409	37.70	29.64%
2.	Dhanji Lakhamsi Sawla Independent Director	Nil	Nil	Nil	Nil	Nil
3.	Mahender Chand Independent Director	Nil	Nil	Nil	Nil	Nil
4.	Thati Venkataswamy Chowdary Independent Director	Nil	Nil	Nil	Nil	Nil
5.	Meka Yugandhar Independent Director	Nil	Nil	Nil	Nil	Nil
6.	Vinayak Rao Juvvadi Independent Director	Nil	Nil	Nil	Nil	Nil
7.	Prakash Chand Jain Non – Executive Director	500000	8.06	87,842	1.42	(6.64)
8.	Rahul Jain Managing Director	100000	1.61	100000	1.61	Nil
9.	Apurva Jain Executive Director	Nil	Nil	Nil	Nil	Nil
10.	Viswanatha Reddy Chief Financial Officer	5	-	5	-	Nil
11.	Vinay Paruchuru Company Secretary	Nil	Nil	Nil	Nil	Nil

(V) Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payment;

Sl. No.	Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	₹ In Lakhs
					Total Indebtedness
1	<b>Indebtedness at the beginning of the Financial year:</b>				
	i) Principal amount	7743.29	501.58	-	8244.87
	ii) Interest due but not paid	-	-	-	-
	iii) Interest accrued but not paid	43.88	-	-	43.88
	<b>Total (i+ii+iii)</b>	<b>7787.17</b>	<b>501.58</b>	<b>-</b>	<b>8288.75</b>
2	<b>Change in indebtedness during the financial year</b>				
	i) Addition	1815.88	750.00	-	2565.88
	ii) Reduction	(2359.90)	-	-	(2359.90)
	<b>Net Change</b>	<b>(544.02)</b>	<b>750.00</b>	<b>-</b>	<b>205.98</b>
3	<b>Indebtedness at the end of the financial year</b>				
	i) Principal amount	7199.27	1251.58	-	8450.85
	ii) Interest due but not paid	10.23	108.99	-	119.22
	iii) Interest accrued but not paid	30.99	-	-	30.99
	<b>Total (i+ii+iii)</b>	<b>7240.49</b>	<b>1360.57</b>	<b>-</b>	<b>8601.06</b>

VI. Remuneration of Directors and Key Managerial Personnel:

A. Remuneration to Managing Director, Whole-time Director and/or Manager:

Sl. No.	Particulars	Name of MD/WTD/Manager			₹ In Lakhs
		Gautam Chand Jain	Rahul Jain	Apurva Jain	Total amount
1	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	65.00	90.00	12.00	167.00
	b) Value of perquisites u/s. 17(2) Income – Tax Act, 1961.	0	13.29	-	13.29
	c) Profits in lieu of Salary under Section 17(3) Income – Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- As a percentage of profit	-	-	-	-
5	Others, please specify	-	-	-	-
6	<b>Total (A)</b>	<b>65.00</b>	<b>103.29</b>	<b>12.00</b>	<b>180.29</b>
7	Ceiling as per the Act	₹216.43 Lakhs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of the other Director						₹ In Lakhs	
		Dhanji Lakhami Sawla	Mahender Chand	Thati Venkataswamy Chowdary	Meka Yugandhar	Vinayak Rao Juvvadi	Prakash Chand Jain	Total amount	
1	Independent Directors								
	a) Fee for attending Board or Committee meetings	0.40	1.80	1.40	1.80	1.60	--	7.00	
	b) Commission	3.00	3.00	3.00	3.00	3.00	--	15.00	
	c) Others, if specify								
	<b>Total (1)</b>	<b>3.40</b>	<b>4.80</b>	<b>4.40</b>	<b>4.80</b>	<b>4.60</b>	<b>--</b>	<b>22.00</b>	
2	Other Non-Executive Directors								
	a) Fee for attending Board or Committee meetings	--	--	--	--	--	1.40	1.40	
	b) Commission	--	--	--	--	--	3.00	3.00	
	c) Others, if specify	--	--	--	--	--	--	--	
	<b>Total (2)</b>						<b>4.40</b>	<b>4.40</b>	
	<b>Total B = (1+2)</b>	<b>3.40</b>	<b>4.80</b>	<b>4.40</b>	<b>4.80</b>	<b>4.60</b>	<b>4.40</b>	<b>26.40</b>	
	Ceiling as per the Act	21.64 Lakhs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)							
	<b>Total Managerial Remuneration</b>								<b>206.69*</b>

\* Total remuneration to Managing Director, Whole-Time Directors and other Directors (being the total of A and B).

Note: As per Section 197 of the Companies Act, 2013, Fee for attending Board/Committee meeting shall not form part of the maximum limit of remuneration payable to Directors.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Sl. No.	Particulars of Remuneration	Name of KMP other than MD/WTD/Manager		₹ In Lakhs	
		Viswanatha Reddy, Chief Financial Officer	Vinay Paruchuru, Company Secretary	Total amount	
1	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	53.69	6.96	60.65	
	b) Value of perquisites u/s. 17(2) Income – Tax Act, 1961	--	--	--	
	c) Profits in lieu of Salary under Section 17(3) Income – Tax Act, 1961	--	--	--	
2	Stock option	--	--	--	
3	Sweat Equity	--	--	--	
4	Commission	--	--	--	
	- As a percentage of profit	--	--	--	
5	Others, please specify	--	--	--	
	<b>Total (A)</b>	<b>53.69</b>	<b>6.96</b>	<b>60.65</b>	

**VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES:**

There were no penalties/punishments/compounding of offences under the Companies Act 2013 for the year ended March 31, 2017.

# Annexure – II

**Annual Report on CSR Activities undertaken during the year**

1. The Company has formulated the policy on Corporate Social Responsibility (CSR) as required under Section 134(o) of the Companies Act, 2013 and implemented the CSR initiatives, pursuant the said policy, during the year under review.

**2. CSR Thrust Areas:**

The Company has identified four (4) Thrust Areas for undertaking CSR Projects:

**2.1 Healthcare and sanitation, including but not limited to:**

- Eradicating poverty, hunger and malnutrition.
- Establishment and management of healthcare infrastructure.
- Activities concerning or promoting:
  - specialized medical treatment in any medical institution
  - general health care including preventive health care
  - safe motherhood
  - child survival support programs
  - better hygiene and sanitation
  - adequate and potable water supply, etc.

**2.2 Education and skill and knowledge enhancement, including, but not limited to:**

- Promoting education, including special education and employment enhancing vocation skills and livelihood enhancement projects.

**2.3 Environment, including but not limited to:**

- Ensuring ecological balance, environmental sustainability, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.

**2.4 Rural Development, including but not limited to adoption of villages and development of Rural infrastructure etc.,****3. Composition of CSR Committee:**

- Meka Yugandhar, Chairman
- Gautam Chand Jain, Member
- Vinayak Rao Juvvadi, Member

4. **Average net profit of the Company for last three financial years:** ₹21,66,82,997

5. **Prescribed CSR expenditure (i.e. 2% of the average net profits) for F.Y. 2016-17:** ₹43,33,660

6. **Amount carried forward from previous year:** ₹21,80,289

## Annexure – III

7. Total amount available to be spent as CSR expenditure: ₹65,13,949

8. Details of CSR spent during the financial year;

a) Total amount spent during F.Y. 2016-17 : ₹8,30,000

b) Amount unspent, as on March 31, 2017: ₹56,83,949

c) Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise (In ₹)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative Expenditure upto the reporting period (In. ₹)	Amount spent: Direct or through implementing agency
1.	Project for supporting heart surgeries of children	Healthcare and sanitation	Local area Telangana State Hyderabad	5,00,000/-	Direct expenditure	5,00,000/-	Implementing Agency; Hrudaya Cure – A Little Heart' foundation
2.	Providing purified drinking water	Healthcare and sanitation	Local area Andhra Pradesh Srikakulam	6,88,000/-	Direct expenditure	3,30,000/-	Direct

For Pokarna Limited

Sd/-  
**Meka Yugandhar**  
Chairman of CSR Committee  
DIN : 00012265

Sd/-  
**Gautam Chand Jain**  
Chairman & Managing Director  
DIN : 00004775

Date : August 3, 2017  
Place : Secunderabad

Details Pertaining to Remuneration as Required Under Section 197(12) of the Companies Act, 2013 Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, are as under:

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2016-17 (₹ in Lakhs)	% Increase in Remuneration in the Financial Year 2016-17	Ratio of remuneration of each Director/to median remuneration of employees
1.	Gautam Chand Jain Chairman & Managing Director	65.00	Nil	40.37
2.	Dhanji Lakhamsi Sawla Independent Director	3.40	Nil	2.11
3.	Mahender Chand Independent Director	4.80	Nil	2.98
4.	Thati Venkataswamy Chowdary Independent Director	4.40	Nil	2.73
5.	Meka Yugandhar Independent Director	4.80	Nil	2.98
6.	Vinayak Rao Juvvadi Independent Director	4.60	Nil	2.86
7.	Prakash Chand Jain Non - Executive Director	4.40	Nil	2.73
8.	Rahul Jain Managing Director	103.39	Nil	64.22
9.	Apurva Jain Executive Director	12.00	Nil	7.45
10.	Viswantha Reddy Chief Financial Officer	53.69	Nil	Not applicable
11.	Vinay Paruchuru Company Secretary	6.96	Nil	Not applicable

(ii) The median remuneration of employees of the Company during the financial year was 1.61 Lakhs.

(iii) In the financial year, there was an increase of 7.49% in the median remuneration of employees.

(iv) There were 662 permanent employees on the rolls of Company as on March 31, 2017.

(v) Average percentage increase made in the salaries of employee's other than the managerial personnel in the last financial year i.e. 2016-17 was 12.00%, whereas the decrease in the managerial remuneration for the same financial year was 7.35%.

(vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

# Annexure – IV

## Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31-03-2017

### FORM NO. MR -3

(Pursuant to Section 204 (1) of the Companies Act, 2013 and the Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To  
The Members,  
**Pokarna Limited**  
Secunderabad

1. I have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by **Pokarna Limited** (hereinafter called as “**the Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
3. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 (“Audit Period”) according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made there-under;
  - ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there- under;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;
  - iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
  - a. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; regarding the Companies Act and dealing with client;
  - b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not applicable during the audit period.
  - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable during the audit period.
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not applicable during the audit period.
  - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable during the audit period.
  - f. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - g. The Securities and Exchange Board of India (Share Based Employee Benefits ) Regulations, 2014; Not applicable during the audit period.
  - h. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
  - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

- vi. The Company is into business of mining of granite, processing and sale of granite slabs and manufacture and sale of readymade garments / apparels. Accordingly, the following Major Industry Specific Acts and Rules are applicable to the Company, in the view of the Management:
  - a. The Mines Act, 1952 and Rules made there under;
  - b. The Mines & Minerals (Development & Regulation) Act, 1957;
  - c. The Granite Conservation and Development Rules, 1999;
  - d. The Andhra Pradesh Minor Mineral Concession Rules, 1966 and
  - e. The Explosive Act 1884 and Explosive Rules 2008.

- vii. I, have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India in respect of Board and General meetings of the Company,

During the period under review, the Company has complied with the provisions of the applicable Acts, Rules, Regulations, and Guidelines etc., mentioned above.

4. I, further report that:
  - a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of

Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

- b. Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance. There is adequate system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.
5. I further report that there exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
6. I, further report that during the audit period, there were no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, regulations, guidelines, standards, etc referred above.

Date : August 3, 2017  
Place : Hyderabad

K .V . Chalama Reddy  
Practising Company Secretary  
M. No : F9268, C.P No: 5451

This report is to be read with my letter of even date which is given as Annexure ‘A’ and forms an integral part of this report.

## Annexure – V

### Annexure ' A '

To,  
The Members  
**Pokarna Limited**  
Secunderabad

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date : August 3, 2017  
Place : Hyderabad

K .V . Chalama Reddy  
Practising Company Secretary  
M. No : F9268, C.P No: 5451

### Conservation of Energy and Technology Consumption, Foreign Exchange Earnings and Outgo

#### A. Conservation of Energy:

The Company has always been conscious of the need for conservation of energy and has been sensitive in making progress towards this initiative. The energy conservation efforts in the Company are being pursued on a continuous basis. Close monitoring of energy conservation is maintained to minimize wastage and facilitate optimum utilization of energy. Regular maintenance and repairs of all the equipment's and machineries are carried out to ensure optimum efficiency. The other energy conservation measures taken are:

- plants are equipped with high energy efficiency motors and variable frequency drives.
- continuous monitoring of power factor.
- training and awareness programmes for employees were conducted for reducing energy waste.

Steps taken by the company for utilizing alternate sources of energy:

- Use of roof mounted self-driven ventilator in plant thereby enabling substantial saving in electrical energy. Roof mounted self-driven ventilators work on wind assisted ventilation.
- Use of sky lights in the plants to reduce need for lighting during daytime.

Capital investment on energy conservation equipment's:

During the current financial year, the Company has not incurred any capital expenditure on the energy conservation equipment.

#### B. Technology absorption:

Our Technical team visits international markets to understand and explore the possibility of using such latest technology in production and processing of our products. Benefits derived as a result of the above efforts are in the areas of process simplification, cost reduction and quality improvement.

The Company has not imported any technology during the last three years. Hence, the particulars with respect to efforts made towards technology absorption and benefits derived etc. are not applicable to the Company.

The Company during the year under review has not carried out any activity which can be construed as Research & Development and as of now there is no specific plan for engaging into such activities. As such, there is no expenditure to report.

#### Foreign Exchange Earnings and Outgo

During the year under review, the total standalone foreign exchange earnings was ₹10526.71 Lakhs and expenditure was ₹274.75 Lakhs.

# Corporate Governance Report

## I. Company's Philosophy

Pokarna defines corporate governance as the system that allocates duties and authority among the Board of directors. The result of good corporate governance is intended to be a well system run, efficient Company that identifies and deals with its problems in a timely manner, creates value for its shareowners' and meets its legal as well as ethical responsibilities.

Our commitment to strong, responsible corporate governance embarks on our Board of directors. Each Board member is essentially concerned to preserve the integrity that has characterized the Company.

We take the subject of corporate governance very seriously from the boardroom to the manufacturing floor. Integrity has always been one of our values; it is the foundation of our reputation and one of our most precious assets. We govern ourselves with a rigorous system of checks and balances to ensure utmost compliance to fair and honest business practices. This ensures that our integrity is never compromised.

We believe that the integrity of any Company must come from a leadership committed to behavior that is honest, decent and fair and from directors and employees who share that commitment and bring it to life at all levels of the organization. That's exactly what we do at Pokarna limited.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company has executed fresh Listing Agreements with the Stock Exchange.

The Company is in compliance with the requirements stipulated under regulation 17 to 27 read with Schedule V and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of SEBI Listing Regulations, as applicable, with regard to corporate governance.

## II. Board of Directors

a) As on March 31, 2017, the Company has nine Directors. Of the nine Directors, 5 (i.e. 55.55%) are Independent Directors and 1 (i.e. 11.11%) is a Non-Executive Director. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

b) None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which they are Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2017 have been made by the Directors.

c) Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

d) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in public companies as on March 31, 2017 are given herein below.

Sl.no	Name of the Director	DIN	Indian Public Companies#	Relationship with Other Director	Board Committees*		No. of Board meetings attended	Attendance at last AGM
					Membership	Chairmanship		
<b>Independent Directors</b>								
1.	Mr. Dhanji Lakhamsi Sawla	00007918	2	None	-	-	2	Present
2.	Mr. Mahender Chand	00008449	2	None	2	-	8	Present
3.	Mr. Thati Venkataswamy Chowdary	00010435	3	None	3	1	6	Present
4.	Mr. Meka Yugandhar	00012265	5	None	3	2	8	Present
5.	Mr. Vinayak Rao Juvvadi	00229415	2	None	2	-	7	Present
<b>Non-Executive Director</b>								
6.	Mr. Prakash Chand Jain, Promoter	00084490	2	Brother of Mr. Gautam Chand Jain	-	-	7	Present
<b>Executive Directors</b>								
7.	Mr. Gautam Chand Jain, Chairman & Managing Director cum Promoter	00004775	2	Brother of Mr. Prakash Chand Jain, Father of Mr. Rahul Jain and Father in Law of Mrs. Apurva Jain	-	-	8	Present
8.	Mr. Rahul Jain, Managing Director cum Promoter	00576447	2	Son of Mr. Gautam Chand Jain and Spouse of Mrs. Apurva Jain	1	-	2	Absent
9.	Mrs. Apurva Jain, Executive Director	06933924	2	Spouse of Mr. Rahul Jain and Daughter in Law of Mr. Gautam Chand Jain	-	-	7	Present

#Directorships Including Pokarna Limited.

\*For the purpose of Committee Memberships/Chairmanships only Audit Committees and Stake holder relationship Committees of Pokarna Limited, other Public Limited Companies either listed or unlisted is considered.

- e) Eight (8) meetings of the Board of directors were held during the year. The dates on which said meetings were held are as follows:  
May, 02nd 2016, May, 30th 2016, August, 10th, 2016, November 04th 2016, December, 30th, 2016, January, 13th, 2017, February, 10th, 2017 & March, 21, 2017. The necessary quorum was present for all the meetings.
- f) During the year 2016-17, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration.
- g) The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.
- h) During the year, one meeting of the Independent Directors was held on March 21, 2017. The Independent Directors, inter-alia, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.
- i) The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company management.
- j) The details of the familiarization programme of the Independent Directors are available on the website of the Company <http://www.pokarna.com/wp-content/uploads/2016/06/2016-17.pdf>
- k) Details of equity shares of the Company held by the Directors as on March 31, 2017 are given below:

Sl. No.	Director	Number of shares held
1.	Mr. Gautam Chand Jain, Chairman & Managing Director	2337409
2.	Mr. Rahul Jain, Managing Director	100000
3.	Mr. Prakash Chand Jain, Non-executive Director	87842

- l) The Company has not issued any convertible instruments.

### III. Committees of the Board

#### A. Audit Committee

- The Audit Committee ("AUC") of the Company is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.
- The AUC of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and inter alia, performs the following functions:

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- reviewing and examining with management the quarterly and annual financial results before submission to the Board;
- recommending the appointment, remuneration and terms of appointment of Statutory Auditors / Internal Auditor of the Company;
- reviewing the adequacy of internal audit function and discussing with Internal Auditor any significant finding and reviewing the progress of corrective actions on such issues;
- reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- scrutiny of inter-corporate loans and investments made by the Company;
- evaluating internal financial controls and risk management systems;
- review the functioning of the Whistleblower Mechanism; and
- reviewing the information required as per SEBI Listing Regulations.

- The AUC invites such of the executives, as it considers appropriate, representatives of the statutory auditors and the internal auditors to be present at its meetings.

- Eight (8) AUC meetings were held on May, 02nd 2016, May, 30th 2016, August, 10th, 2016, September, 16th, 2016, October, 15th, 2016, November, 04th, 2016, February, 10th, 2017 and March, 21, 2017. The necessary quorum was present for all the meetings.

- The AUC comprises of four (4) Independent Directors. The composition of the AUC and the attendance details of the members are given below:

Sl. No.	Name	Position held in the Committee	Attendance
1.	Mr. Meka Yugandhar	Chairman	8
2.	Mr. Mahender Chand	Member	8
3.	Mr. Thati Venkataswamy Chowdary	Member	7
4.	Mr. Vinayak Rao Juvvadi	Member	7

#### B. Nomination and Remuneration Committee

- The Nomination and Remuneration Committee ("NRC") of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.

- The broad terms of reference of the NRC are as under:

- devise a policy on the diversity of Board of Directors;
- recommend to the Board the appointment or reappointment of directors;
- recommend to the Board appointment of Key Managerial Personnel;
- carry out evaluation of every director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors;
- recommend to the Board the Remuneration Policy for directors, Key Managerial Personnel;
- performing such other duties and responsibilities as may be consistent with the provisions of the committee charter; and
- reviewing the information required as per SEBI Listing Regulations.

- Two (2) NRC meetings were held on May, 02nd, 2016 and May, 30th, 2016. The necessary quorum was present for all the meetings.

- The NRC comprises of four (4) Directors. The composition of the Committee and the attendance details of the members are given below:

Sl. No.	Name	Position held in the Committee	Attendance
1.	Mr. Thati Venkataswamy Chowdary, Independent Director	Chairman	1
2.	Mr. Mahender Chand, Independent Director	Member	2
3.	Mr. Meka Yugandhar, Independent Director	Member	2
4.	Mr. Prakash Chand Jain, Non - Executive Director	Member	2

- The Company does not have any Employee Stock Option Scheme.

- Performance Evaluation Criteria for Independent Directors: The criteria for the evaluation of Independent Directors includes skills, experience and level of preparedness of the directors, attendance and extent of contribution to Board debates and discussion and how the director leverages his expertise and networks to meaningfully contribute to the Company.

- Remuneration Policy: The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Directors and the Executive Director. The NRC decides on the commission payable to the Managing Directors and the Executive Director out of the profits for the financial year and within the ceilings prescribed under the Act based on the performance of the Company as well as that of the Managing Director's and the Executive Director. During the year 2016-17 the Company paid sitting fees of ₹20,000 per meeting to its Non-Executive Directors for attending meetings of the Board. The Non-Executive Directors do not claim any fees for the Committee meetings. The Members have at the Annual General Meeting ("AGM") of the Company held on September 15, 2014 approved of payment of commission to the Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Act. The said commission is decided each year by the Board of Directors and distributed amongst the Non-Executive Directors based on their attendance and contribution at the Board and certain Committee meetings, as well as the time spent on operational matters other than at meetings.

- Details of commission & sitting fees paid / to be paid to the Directors for F.Y. 2016-17 are given below:

Sl. no	Name of the Directors	₹ in Lacs	
		Sitting fees paid	Commission payable
Independent Directors			
1.	Mr. Dhanji Lakhamsi Sawla	0.40	3.00
2.	Mr. Mahender Chand	1.80	3.00
3.	Mr. Thati Venkataswamy Chowdary	1.40	3.00
4.	Mr. Meka Yugandhar	1.80	3.00
5.	Mr. Vinayak Rao Juvvadi	1.60	3.00
Non Executive Director			
6.	Mr. Prakash Chand Jain ^	1.40	3.00
Executive Directors			
7.	Mr. Gautam Chand Jain	Nil	Nil
8.	Mr. Rahul Jain	Nil	Nil
9.	Mrs. Apurva Jain	Nil	Nil

The Commission for the financial year ended March 31, 2017 will be paid to Directors, subject to deduction of tax, after adoption of accounts by the shareholders at the Annual General Meeting to be held on September 18, 2017.

^ for interest and rent payments made to Mr. Prakash Chand Jain please refer note no 2.28 of Standalone financial statements of the Company.

9. The details of remuneration paid to the Executive Directors for F.Y.2016-17 are as follows:

(₹ in Lacs)			
Sl. no	Name of the Directors	All elements of remuneration package i.e. salary, perquisites and benefits, etc.,	Performance linked incentives (commission) along with performance criteria #
1.	Mr. Gautam Chand Jain, Chairman & Managing Director	65.00	Nil
2.	Mr. Rahul Jain, Managing Director	103.29	Nil
3.	Mrs. Apurva Jain, Executive Director	12.00	Nil

10. The terms and conditions with regard to appointments of Managing Directors and Executive Director are contained in the respective resolutions passed by the Board or Members in their respective meetings. There is no separate provision for payment of severance fee under the resolutions governing the appointment of Managing Directors/ Executive Director.

#### C. Stakeholder Relationship Committee

- The Stakeholders' Relationship Committee ("SRC") is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act.
- The broad terms of reference of the SRC are as under:
  - consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit

of securities, non-receipt of dividend / notice / annual reports, etc. and all other securities-holders related matters;

- consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc; and
  - reviewing the information required as per SEBI Listing Regulations.
- During the year under review, no SRC meetings were held.
  - The SRC comprises of three (3) Directors. The composition of the Committee and the attendance details of the members are given below:

Sl. No.	Name	Position held in the Committee
1.	Mr. Thati Venkataswamy Chowdary, Independent Director	Chairman
2.	Mr. Meka Yugandhar, Independent Director	Member
3.	Mr. Rahul Jain, Managing Director	Member

D. Mr. Vinay Paruchuru, Company Secretary, was the Secretary for the Board & all the Committees of the Board, during the FY 2016-17. He is also the Compliance Officer of the Company and responsible for redressing investor grievances.

E. Details of investor complaints received and redressed during the year 2016- 17 are as follows:

Opening	Received during the year	Resolved to the satisfaction of the shareholders during the year	Closing
Nil	Nil	Nil	Nil

#### F. Other Committees

##### (i) Corporate Social Responsibility Committee

- Corporate Social Responsibility Committee ("CSRC") of the Company is constituted in line with the provisions of Section 135 of the Act. The broad terms of reference Corporate Social Responsibility Committee is as follows:
  - formulate and recommend to the board, a CSR policy indicating the activities to be undertaken by the Company as specified

in Schedule VII of the Companies Act, 2013;

- recommend the amount of expenditure to be incurred on the activities referred to above; and
  - monitor the CSR Policy of the Company from time to time.
- One (1) CSRC meetings was held on 30th May, 2016. The necessary quorum was present for the meeting.
  - The CSRC comprises of three (3) Directors. The composition of the CSRC and the attendance details of the members are given below:

Sl. No.	Name	Position held in the Committee	Attendance
1.	Mr. Meka Yugandhar, Independent Director	Chairman	1
2.	Mr. Vinayak Rao Juvvadi, Independent Director	Member	0
3.	Mr. Gautam Chand Jain, Chairman & Managing Director	Member	1

4. A report containing the details on activities taken up during the year 2016-17 is enclosed as Annexure II to Directors Report.

##### (ii) Loans Committee

- The Loans Committee ("LOC") is constituted in line with the provisions of with section 179 of the Companies Act, 2013.
- The broad terms of reference of the LOC are as under:
  - approving borrowings by the Company within the limit specified;

- Three (3) LOC meetings were held on September, 16th, 2016, October 15th, 2016 and December, 21st, 2016. The necessary quorum was present for all the meetings.
- The LOC comprises of three (3) Directors. The composition of the LOC and the attendance details of the members are given below:

Sl. No.	Name	Position held in the Committee	Attendance
1.	Mr. Meka Yugandhar, Independent Director	Chairman	3
2.	Mr. Gautam Chand Jain, Chairman & Managing Director	Member	3
3.	Mr. Prakash Chand Jain, Non-executive Director	Member	3

#### IV General Body Meetings

1) Location and time, where last three AGMs were held :

Financial Year Ended	Date	Time	Venue	Details of special resolutions passed
March 31, 2014	September 15, 2014	10.30 a.m.	Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India – 500016.	Fixation of borrowing power of the Company pursuant to Section 180 (1)(c) of the Companies Act, 2013.
March 31, 2015	August 10, 2015	10.30 a.m.	AVASA Hotel, Plot No: 15,24,25 & 26 Sector - 1, Survey No: 64, Huda Techno Enclave, Madhapur, Hyderabad-500081.	Alteration of Articles of Association of the Company pursuant to Section 14 of the Companies Act, 2013.
March 31, 2016	September 16, 2016	10.30 a.m.	Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India – 500016.	Alteration of Articles of Association of the Company pursuant to Section 14 of the Companies Act, 2013.

2) There were no special resolutions passed during the year 2016-17 through postal ballot.

#### V Means Of Communication

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in viz., Business Standard, The Hindu Business Line and Manatelangana. The results are also displayed on the Company's website "www.pokarna.com". Press Releases made by the Company from time to time are also displayed on the Company's website. Investor Presentations after the declaration of the quarterly, half-yearly and annual results are also displayed on the Company's website. A Management Discussion and Analysis Report is a part of the Company's Annual Report.

#### VI General Shareholder Information

a) Annual General Meeting:

Date and Time	Venue
Monday, September 18, 2017, 10.30 a.m.	Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India - 500016

b) Financial Calendar:

Financial year: April 1, 2016 to March 31, 2017.

c) Dividends for FY 2016-17:

The final dividend, if declared, shall be paid / credited on or after September, 18th, 2017.

d) Listing:

The Company's shares are listed and traded on the following Stock Exchanges:

Name & Address of the Stock Exchange	Segment	Stock/Script Code/Symbol	ISIN number for NSDL/ CDSL
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001	Equity	532486	
NSE of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai- 400 051	Equity	POKARNA	INE637C01017

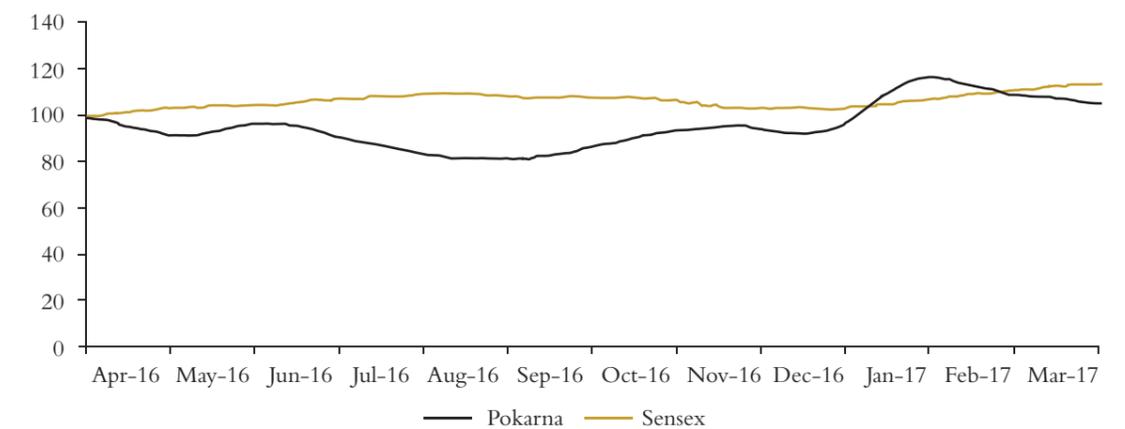
The applicable listing fees has been paid to the Stock Exchange before the due date.

e. Market Price Data:

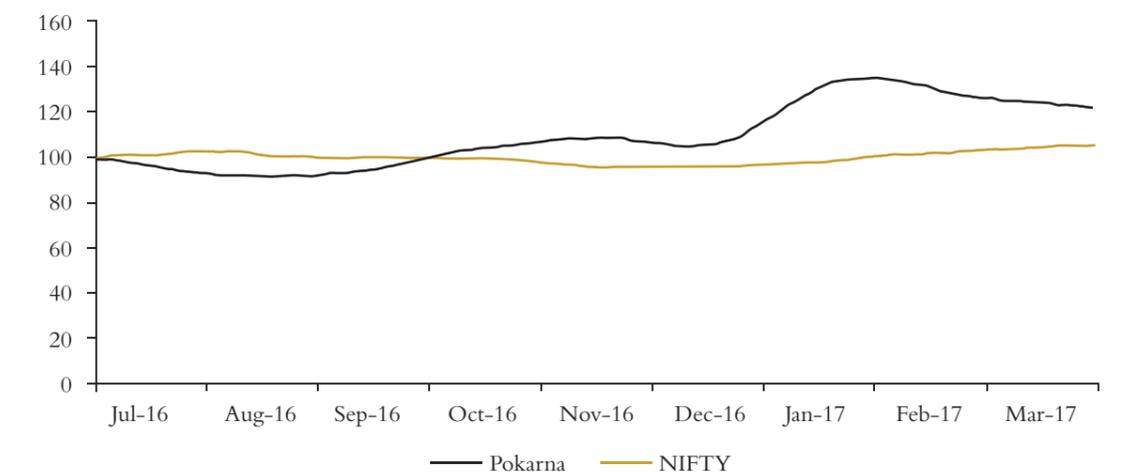
The monthly high and low prices of Pokarna Limited at BSE and NSE for the year ended March 31, 2017 are as follows

Month	NSE		BSE	
	High	Low	High	Low
Apr-16	NA	NA	1025.00	755.00
May-16	NA	NA	1064.00	876.00
Jun-16	NA	NA	968.00	800.00
Jul-16	979.95	821.05	969.00	822.00
Aug-16	880.00	702.25	876.00	710.00
Sep-16	850.00	760.10	835.00	744.00
Oct-16	925.60	740.00	922.95	739.95
Nov-16	978.00	735.80	989.95	800.00
Dec-16	1000.00	877.00	990.00	879.00
Jan-17	1314.00	893.10	1312.80	890.00
Feb-17	1288.00	1000.00	1286.00	1025.15
Mar-17	1146.95	985.60	1143.75	993.50

f. Pokarna Limited's share price at the BSE versus the Sensex for year 2016-17 is as follows:



g. Pokarna Limited's share price at the NSE versus the Nifty for year 2016-17 is as follows:



For the purpose of Chart:

i) The “Closing” values of share price of the Company, S&P BSE SENSEX and NIFTY of the particular month are considered.

ii) Values are indexed to 100.

**h. The Company does not have any Equity Shares in suspense account.**

**i. Registrar and Transfer Agents:**

Karvy Computershare Private Limited  
 Karvy Selenium Tower B,  
 Plot 31-32, Gachibowli, Financial District,  
 Nanakramguda, Hyderabad – 500 032.  
 Tel : +91 40 6716 1616  
 Fax: +91 40 23420814  
 Email : einward.ris@karvy.com

**j. Share Transfer System:**

98.89% of the equity shares of the Company are in electronic form. Transfer of these shares are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with Karvy at the above-mentioned addresses. Transfer of shares in physical form is normally processed within ten to fifteen days from the date of receipt, if the documents are complete in all respects.

**k. a. Distribution of Shareholding by size class as on March 31, 2017:**

Distribution of Shareholding as on 31/03/2017 (TOTAL)					
S. No	Category (Shares)	No. of Share Holders	% to Total Share Holders	No. of Shares	% to Total Equity
1	1 - 5000	4,851	91.10	359,166	5.79
2	5001 - 10000	198	3.72	156,757	2.53
3	10001 - 20000	128	2.40	197,413	3.18
4	20001 - 30000	37	0.69	90,573	1.46
5	30001 - 40000	32	0.60	115,907	1.87
6	40001 - 50000	11	0.21	49,790	0.80
7	50001 - 100000	24	0.45	174,625	2.82
8	100001 and above	44	0.83	5,056,569	81.55
	<b>TOTAL:</b>	<b>5325</b>	<b>100.00</b>	<b>6200800</b>	<b>100.00</b>

**b. Distribution of shareholding by ownership as on March 31, 2017:**

S. No	Category	Shares held (No.)	% of holding
1	Promoters	3,513,777	56.67
2	Bodies Corporates	356,202	5.74
3	Banks	5,873	0.09
4	Indian Financial Institutions	2,854	0.05
5	NBFC	7,910	0.13
6	Foreign Portfolio Investors	36,241	0.58
7	Non-Resident Indians	38,114	0.61
8	Non-Resident Indian Non Repatriable	13,361	0.22
9	Resident Individuals	1,790,985	28.88
10	HUF	123,594	1.99
11	Clearing Members	303,480	4.89
12	Transit	8,409	0.14
	<b>Total</b>	<b>6,200,800</b>	<b>100.00</b>

**l. Shares held in Physical and Dematerialized Form:**

Equity shares of the Company representing 98.89% of the Company’s equity share capital are dematerialized as on March 31, 2017. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company’s shares is INE637C01017.

**m. Outstanding GDRs / ADRs / Warrants / Convertible Instruments and their Impact on Equity:**

There are no GDRs / ADRs / Warrants / Convertible Instruments outstanding as at the year end.

**n. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:**

As such, the Company is not exposed to any commodity price risk. The detailed discussion of the foreign exchange risk and Company’s hedging activities is given in the Management Discussion & Analysis Report and the notes to the Financial Statements.

**o. Plant locations**

**Granite:**

Survey No.123, Tooprantpet Village, Choutuppal Mandal, Nalgonda District, Telangana State - India.  
 Survey No. 563, 568 & 574, Aliabad Village, Shameerpet Mandal, R.R. District, Telangana State - India.

**Granite Quarries:**

S. No.	Sy. No.	Village	Mandal	District	State	Color
1.	284	Rapaka	Ponduru	Srikakulam	Andhra Pradesh	Pokarna Green
2.	270	Singupuram	Srikakulam	Srikakulam	Andhra Pradesh	Flash Blue
3.	53	Tekkali	Tekkali	Srikakulam	Andhra Pradesh	Vizag Blue
4.	121	Buduruvada	Parvathipuram	Vizianagaram	Andhra Pradesh	Cream Cashmere
5.	66	Polavaram	Sankavaram	East Godavari	Andhra Pradesh	Coral Gold
6.	847/1 & 203, 204/1, 2,207/1 to 7,208/4, 208/5,209/3 to 7,371/P,372/1,2,3, 103	Konidena & Ballikurava	Ballikurava	Prakasam	Andhra Pradesh	Steel Grey
7.	980/3 & 5,980/2, 12/1P, 14/1A, 15/1 & 16/1(P), 14/1C, 15/3, 16/3, 16/4P, 988/1, 16/4P, 16/5(P), 26/4, 26/A, 26/5A, 26/5B, 26/6B, 26/A (P), 26/7B, 27/1-6, 26/5a, 26/5b	R.L Puram/Chimakurthy	Chimakurthy	Prakasam	Andhra Pradesh	Black Galaxy
8.	6	Eswarapuram	Puttur	Chittoor	Andhra Pradesh	Silver Waves
9.	926	Kotala	Thambbalapally	Chittoor	Andhra Pradesh	Acacia
10.	165	Diguvapalle	Peddamandayam	Chittoor	Andhra Pradesh	Hail Storm
11.	552	Thogarai	Sultanabad	Karimnagar	Telangana	Coffee Brown
12.	97 & 111	Odyaram	Gangadhra	Karimnagar	Telangana	TAN Brown
13.	116/1	Kamanpur	Karimnagar	Karimnagar	Telangana	TAN Brown Classic
14.	728	Challur	Veenavanka	Karimnagar	Telangana	Dragon Red
15.	36	Malyala	Bommalaramaram	Nalgonda	Telangana	Arizona Brown
16.	978	Bommareddypally	Dharmaram	Peddapally	Telangana	Sapphire Blue
17.	568/1,575/2(P), 621/2(P)	Subramanyapuram	Sivakasi	Virudnagar	Tamilnadu	Golden Dream

**Apparel:**

Survey No: 33,39,50,51,55,68 & 69,  
Apparels Export Park,  
Gundla Pochampally Village,  
Medchal Mandal,  
R.R. District,  
Telangana State - India.

**Quartz Surfaces #**

Plot. No: 45, APSEZ,  
Atchutapuram, Rambilli Mandal,  
Visakhapatnam District,  
Andhra Pradesh.  
# owned and operated by the wholly owned subsidiary Pokarna Engineered Stone Limited

**p. Address for correspondence:**

Pokarna Limited  
105, 1st Floor, Surya Towers, S.P. Road,  
Secunderabad – 500003,  
Telangana, India.  
Ph: 91 40 27897722  
Email: companysecretary@pokarna.com  
Website: www.pokarna.com  
CIN:L14102TG1991PLC013299

Investor correspondence should be addressed to M/s. Karvy Computershare Private Limited, whose address is provided in this section of the Annual Report. To allow us to serve members with greater speed and efficiency, the Company strongly recommends email-based correspondence on all issues, which do not require signature verification for being processed.

**VII. Other Disclosures:**

- a) Materially significant Related Party Transaction that may potentially conflict with the Company's interest: During 2016-17, there were no materially significant related party transactions i.e. transactions of the Company of material nature with bodies including its subsidiaries, promoters, directors, management, and relatives, which may have potential conflict with the interests of Company at large. Attention of members is drawn to disclosures of transactions with related parties, as set out in Notes to Accounts.
- b) Details of Non-compliance: There has not been any noncompliance of mandatory requirements, expected of the Company. No penalties or strictures were imposed on the Company by the Stock Exchange, SEBI, or any statutory authority for matters related to capital markets during the last 3 years.
- c) Vigil Mechanism/ Whistleblower policy: With a view to establish a mechanism for protecting employees reporting unethical behaviour, frauds, or violation of the Company's Code of Conduct, the Board of Directors have adopted a Whistleblower Policy. No person has been denied access to the Audit Committee.
- d) Web link for Policies: The Whistleblower Policy, the Policy for determining Material Subsidiaries and the Policy on dealing with Related Party Transactions are available at <http://www.pokarna.com/policies>.

e) Details of Compliance with Corporate Governance Requirements:

S. No.	Item	Regulation	Compliance status (Yes / No / NA)
1.	Board composition	17(1)	Yes
2.	Meeting of Board of Directors	17(2)	Yes
3.	Review of Compliance Reports	17(3)	Yes
4.	Plans for orderly succession for appointments	17(4)	Yes
5.	Code of Conduct	17(5)	Yes
6.	Fees/compensation	17(6)	Yes
7.	Minimum Information	17(7)	Yes
8.	Compliance Certificate	17(8)	Yes
9.	Risk Assessment & Management	17(9)	Yes
10.	Performance Evaluation of Independent Directors	17(10)	Yes
11.	Composition of Audit Committee	18(1)	Yes
12.	Meeting of Audit Committee	18(2)	Yes
13.	Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
14.	Composition of Stakeholders' Relationship Committee	20(1) & (2)	Yes
15.	Composition and role of Risk Management Committee	21(1),(2),(3),(4)	NA
16.	Vigil Mechanism	22	Yes
17.	Policy for related party transaction	23(1),(5),(6),(7) & (8)	Yes
18.	Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
19.	Approval for material related party transactions	23(4)	NA
20.	Composition of Board of Directors of unlisted material Subsidiary	24(1)	Yes
21.	Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
22.	Maximum Directorship & Tenure	25(1) & (2)	Yes
23.	Meeting of Independent Directors	25(3) & (4)	Yes
24.	Familiarization of Independent Directors	25(7)	Yes
25.	Memberships in Committees	26(1)	Yes
26.	Affirmation with compliance to code of conduct from members of Board of Directors and senior management personnel	26(3)	Yes
27.	Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
28.	Policy with respect to Obligations of Directors and senior management personnel	26(2) & 26(5)	Yes
29.	Terms and conditions of appointment of Independent Directors	46(2)(b)	Yes
30.	Composition of various committees of Board of Directors	46(2)(c)	Yes
31.	Code of conduct of Board of Directors and senior management Personnel	46(2)(d)	Yes
32.	Details of establishment of vigil mechanism/ Whistleblower policy	46(2)(e)	Yes
33.	Criteria of making payments to Non-Executive Directors	46(2)(f)	Yes
34.	Policy on dealing with related party transactions	46(2)(g)	Yes
35.	Policy for determining 'material' subsidiaries	46(2)(h)	Yes
36.	Details of familiarisation programmes imparted to Independent Directors	46(2)(i)	Yes

Status of Compliance of Part E of Schedule II of Listing Regulations:

S. No.	Item	Regulation	Compliance Status
1.	The Board	A	The Company has executive Chairman, hence compliance of this Clause does not arise.
2.	Shareholder rights	B	Company publishes the quarterly, half yearly, annual financial results in widely circulated newspapers such as Hindu Business Line, Business Standard and Manatelangana, hence it is understood that the compliance of this Clause is not required.
3.	Modified opinion(s) in audit report	C	Complied - the audit report for FY. 2016-17 is unmodified
4.	Separate posts of chairperson and chief executive officer	D	Not complied
5.	Reporting of internal auditor	E	Complied

## Auditors' Certificate Corporate Governance

f) Auditor's Certificate on Corporate Governance: As stipulated in Para E of Schedule V of the Listing Regulations, the Auditor's Certificate regarding compliance of conditions of Corporate Governance is attached hereto.

g) Declaration by the Chairman & Managing Director:

I, Gautam Chand Jain, Chairman & Managing Director of Pokarna Limited, hereby confirm pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 that:

- (i) The Board of Directors of Pokarna Limited has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. The said Code of Conduct has also been posted on the Investors page of the Company website www.pokarna.com.
- (ii) All the Board Members and Senior Management personnel have affirmed their compliance with the said Code of Conduct for the year ended March 31, 2017.

For Pokarna Limited.

Sd/-  
**Gautam Chand Jain**  
Chairman & Managing Director  
DIN : 00004775

Date : August 3, 2017  
Place : Secunderabad

### Compliance Certificate

Pursuant to Regulation 17(8)  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We the undersigned hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for FY. 2016-17 and that to the best of our knowledge and belief:
  - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) these statements together present a true and fair view of the Company affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- B. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls over financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation internal controls of which we are aware and also the steps were taken by the Company, to rectify such deficiencies.
- D. We have indicated to the auditors and the Audit committee that there are NO:
  - 1) significant changes in internal control over financial reporting during the year;
  - 2) significant changes in accounting policies during the year and
  - 3) instances of significant fraud, in which the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting, of which we became aware of.

For Pokarna Limited

Sd/-  
**Gautam Chand Jain**  
Chairman & Managing Director  
DIN : 00004775

Date : August 3, 2017  
Place : Secunderabad

To

The Members of  
Pokarna Limited.

### INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement with Pokarna Limited ('the Company').
2. We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2017, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### MANAGEMENT'S RESPONSIBILITY

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### AUDITOR'S RESPONSIBILITY

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### OPINION

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of the Listing Regulations during the year ended on March 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **S. Daga & Co.**  
Chartered Accountants  
(FNo. 000669S)

Sd/-  
**Shantilal Daga**  
Partner  
Membership No. 11617

Date : August 3, 2017  
Place : Hyderabad



# Standalone Financial Statements

## Independent Auditor's Report

To  
The Members of  
Pokarna Limited

### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Pokarna Limited (the Company), which comprise the Balance Sheet as at March 31, 2017, the statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

2. 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 and presentation of these standalone 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

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. 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 rules made there under.
5. 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.

6. 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 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 financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 March 31, 2017 and its Profit and its Cash Flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditors Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the Order) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a

## Annexure - A to the Auditors' Report

**Referred to in paragraph 9 of the Independent Auditors Report of even date to the members of Pokarna Limited on the Standalone Financial Statements as of and for the year ended March 31, 2017**

statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143 (3) of the Act, we report that
- 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.
  - 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.
  - 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.
  - In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - 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.
  - 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 B.
  - 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

- The Company has disclosed the impact of pending litigations as on 31st March 2017 on its financial position in its financial statements (refer No. 2.24);
  - The Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts. The Company neither entered into any derivative contract during the year nor have any outstanding derivative contract at the end of the year;
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
- h) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No. 2.14.1 to the financial statements.

For **S Daga & Co.**  
Chartered Accountants  
(ICAI FRN: 000669S)

**(Shantilal Daga)**  
M. No. 011617  
Partner

Place: Hyderabad  
Date : 08.05.2017

- The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - Fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
  - According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed/conveyance deed and other relevant records evidencing title provided to us, we report that, the title deeds of immovable properties comprising all the immovable properties of land and building which are freehold, as disclosed in Note no. 2.8 on fixed assets to the financial statements are held in the name of the company as at the balance sheet date, except as stated in the table below:
- The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Thus, paragraph 3(iii) of the Order is not applicable.
- The company has not granted any loan to directors or made investments to the parties as required under the provisions of Sections 185 and 186 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 186 of the Companies Act, 2013 for the security by way of pledge of equity shares of Pokarna Engineered Stone Limited (wholly owned subsidiary) to its lenders for availing credit facilities.
- The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of Companies Act, 2013 and the rules framed there under.
- We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government of India, the maintenance of cost records specified under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the Records with a view to determine whether they are accurate or complete.
- According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, value added tax, service tax, custom duty, excise duty, cess and other statutory dues as applicable to it, with appropriate authorities. There are no undisputed statutory dues payable except advance income tax of ₹2.68 crores (previous year - ₹3.95 crores) for a period of more than six months from the date they became payable as at 31st March, 2017.
  - According to the information and explanations given to us and the records of the company examined by us, the particulars dues of income tax, sales tax, service tax, value added tax, duty of customs and duty of excise as at March 31, 2017 which have not been deposited on account of a dispute are as follows:

Particulars of land	Gross Block as at March 31, 2017 (in lakhs)	Net Block as at March 31, 2017 (in lakhs)	Remarks
Freehold land (20 cases) (py.5 cases) to the extent of 42.92 acres (py. 9.49 acres) at various locations	92.10 (50.55)	92.10 (50.55)	The title deeds are pending for execution in favour of the Company.

- The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - On the basis of our examination of the inventory records, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records have been properly dealt with by the company.

## Annexure - B to the Independent Auditors' Report

Sl. No.	Name of the Statute	Nature of dues	Amount ₹ In lakhs	Period to which the amount relates	Forum where dispute is pending	Remarks if any Paid under dispute ₹ In lakhs
1	Finance Act, 1994	Service Tax	169.04	2007-2015	Customs, Excise & Service Tax appellate tribunal and Superintendent of Service Tax	5.57
2	Central Excise Act, 1944	Excise Duty	149.69	2001-15	Customs, Excise & Service Tax appellate tribunal and Addl. Commissioner of Central Excise	Nil
3	Customs Act, 1962	Customs Duty	75.91	2003-11	Customs, Excise & Service Tax Appellate tribunal	Nil
4	Income Tax Act, 1961	Income Tax	204.22	2000-01 to 2002-03, 2005-06, 2015-16	High Court of Andhra Pradesh & Commissioner of Income Tax	Nil
5	APVat Act, 2005 & Central Sales Tax Act, 1956	VAT & CST	37.73	2011-12	Deputy Commissioner of Commercial Taxes	2.69
	<b>Total</b>		<b>636.59</b>			<b>8.26</b>

8. According to the information and explanations given to us and records of the company examined by us, the company has not defaulted in repayment of dues (barring delay on few occasions of less than one month during the year) to any financial institution or bank or debenture holders as at the Balance Sheet date.
9. On the basis of our review of utilization of funds pertaining to term loans on overall basis and related information and explanations as made available to us, the term loans taken by the company has been utilized for the purpose of which they were obtained. Further, the company has not raised moneys by way of initial public offers or further public offers during the year.
10. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the company or on the company its officers or employees, noticed or reported during the year, nor have we been informed by any such case by the management.
11. The company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the company.
13. The company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standards (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **S Daga & Co.**  
Chartered Accountants  
(ICAI FRN: 000669S)

(**Shantilal Daga**)  
M. No. 011617  
Partner

Place: Hyderabad  
Date : 08.05.2017

### Report on the Internal Financial Controls 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 Pokarna Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

#### Opinion

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

For **S Daga & Co.**  
Chartered Accountants  
(ICAI FRN: 000669S)

(**Shantilal Daga**)  
M. No. 011617  
Partner

Place: Hyderabad  
Date : 08.05.2017

## Balance Sheet

	Note	As at March 31, 2017	As at March 31, 2016
₹ In Lakhs			
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	620.08	620.08
Reserves & Surplus	2.2	11926.50	10973.37
		<b>12546.58</b>	<b>11593.45</b>
<b>Non-current Liabilities</b>			
Long-term Borrowings	2.3	4892.67	3746.44
Deferred Tax Liabilities	2.4	203.01	146.02
Long-term Provisions	2.7	224.42	155.23
		<b>5320.10</b>	<b>4047.69</b>
<b>Current Liabilities</b>			
Short-term Borrowings	2.3	2257.83	3243.27
Trade Payables	2.6	1179.12	1409.99
Other Current Liabilities	2.5	3021.31	3728.14
Short-term Provisions	2.7	678.00	1710.03
		<b>7136.26</b>	<b>10091.43</b>
<b>Total</b>		<b>25002.94</b>	<b>25732.57</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
Tangible Assets	2.8	11138.91	8686.61
Capital Work-In-Progress		188.11	1334.27
Non-current Investments	2.9	6115.88	6115.88
Long-term Loans and Advances	2.10	772.83	914.46
Other Non-current Assets	2.11	194.35	249.17
		<b>18410.08</b>	<b>17300.39</b>
<b>Current Assets</b>			
Inventories	2.12	3352.64	3987.53
Trade Receivables	2.13	2059.03	3229.63
Cash and Bank Balances	2.14	585.35	696.91
Short-term Loans and Advances	2.10	573.49	488.92
Other Current Assets	2.11	22.35	29.19
		<b>6592.86</b>	<b>8432.18</b>
<b>Total</b>		<b>25002.94</b>	<b>25732.57</b>
Significant Accounting Policies	1		
Notes on Financial Statements	2		

The accompanying notes are an integral part of financial statements

As per our report attached

For and on behalf of Board of Directors

For **S.Daga & Co.**  
Chartered Accountants  
(F.No: 000669S)

**Gautam Chand Jain**  
Chairman & Managing Director  
(D.No: 00004775)

**Meka Yugandhar**  
Independent Director  
(D.No: 00012265)

**Shantilal Daga**  
Partner  
Membership No. 11617

**Rahul Jain**  
Managing Director  
(D.No: 00576447)

**Apurva Jain**  
Executive Director  
(D.No: 06933924)

Place : Hyderabad  
Date : May 8, 2017

**M Viswanatha Reddy**  
Chief Financial Officer

**Paruchuru Vinay**  
Company Secretary

## Statement of Profit and Loss

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
₹ In Lakhs			
<b>INCOME</b>			
<b>Revenue From Operations</b>			
Revenue from Operations (gross)	2.15	15825.05	19473.06
Less :Excise Duty		274.58	201.82
Revenue from Operations (net)		15550.47	19271.24
Other Income	2.16	542.09	444.71
<b>Total</b>		<b>16092.56</b>	<b>19715.95</b>
<b>EXPENSES</b>			
Cost of Raw Material and Components consumed	2.17	1399.98	2439.60
Purchase of Traded Goods	2.18	148.79	363.28
(Increase) / Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	2.19	349.85	(353.98)
Employee Benefits Expense	2.20	2545.06	2919.03
Other Expenses	2.21	7914.62	9322.28
<b>Total</b>		<b>12358.30</b>	<b>14690.21</b>
<b>Earnings Before Interest, Tax, Depreciation</b>		<b>3734.26</b>	<b>5025.74</b>
Depreciation	2.22	1114.02	987.87
Finance Costs	2.23	828.11	1264.55
<b>Profit Before Tax</b>		<b>1792.13</b>	<b>2773.32</b>
<b>Tax Expenses</b>			
Current Tax		558.12	1096.42
Deferred Tax	2.27	56.99	(106.09)
Prior year tax		-	58.18
<b>Total Tax Expenses</b>		<b>615.11</b>	<b>1048.51</b>
<b>Profit After Tax</b>		<b>1177.02</b>	<b>1724.81</b>
Earnings Per Share - Basic & Diluted (in ₹) (Par value of ₹10/- each)	2.30	18.98	27.82
Significant Accounting Policies	1		
Notes on Financial Statements	2		

The accompanying notes are an integral part of financial statements

As per our report attached

For and on behalf of Board of Directors

For **S.Daga & Co.**  
Chartered Accountants  
(F.No: 000669S)

**Gautam Chand Jain**  
Chairman & Managing Director  
(D.No: 00004775)

**Meka Yugandhar**  
Independent Director  
(D.No: 00012265)

**Shantilal Daga**  
Partner  
Membership No. 11617

**Rahul Jain**  
Managing Director  
(D.No: 00576447)

**Apurva Jain**  
Executive Director  
(D.No: 06933924)

Place : Hyderabad  
Date : May 8, 2017

**M Viswanatha Reddy**  
Chief Financial Officer

**Paruchuru Vinay**  
Company Secretary

# Cash Flow Statement

	₹ In Lakhs	
	For the year ended March 31, 2017	For the Year ended March 31, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit Before Tax</b>	1792.13	2773.32
Adjustments:		
Depreciation and amortization expense	1114.02	987.87
Loss/(profit) on sale of fixed assets	29.41	42.86
Unrealized foreign exchange (gain) / loss, net	(139.24)	4.85
Provision for Doubtful Debts	43.18	78.54
Interest expense	828.11	1264.55
Interest income	(60.49)	(325.45)
<b>Operating profit before working capital changes</b>	<b>3607.12</b>	<b>4826.54</b>
Changes in working capital and other provisions:		
Trade receivables	1115.61	593.11
Inventories	634.88	(359.15)
Loans and advances and other assets	290.44	1451.43
Other Liabilities and provisions	(965.67)	58.73
<b>Cash generated from operations</b>	<b>4682.38</b>	<b>6570.66</b>
Income taxes paid, net	(990.00)	(1218.55)
<b>Net cash flow generated by operating activities</b>	<b>3692.38</b>	<b>5352.11</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and changes in capital work in progress	(2459.39)	(2285.81)
Proceeds from sale of fixed assets	9.83	5.73
Interest income	60.49	325.45
<b>Net cash used in investing activities</b>	<b>(2389.07)</b>	<b>(1954.63)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank Borrowings	(653.26)	360.60
Other Borrowings	911.10	(2157.77)
Interest expense	(828.11)	(1264.55)
Dividend paid	(746.31)	(223.89)
<b>Net cash generated in financing activities</b>	<b>(1316.58)</b>	<b>(3285.61)</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(13.27)</b>	<b>111.87</b>
Add: Cash and Cash equivalents at the beginning of the year	245.14	111.81
Effect of exchange gain on cash and cash equivalents	57.95	21.46
<b>Cash and cash equivalents at the end of the year</b>	<b>289.82</b>	<b>245.14</b>
Significant Accounting Policies	1	
Notes on Financial Statements	2	

The accompanying notes are an integral part of financial statements

As per our report attached

For and on behalf of Board of Directors

For **S.Daga & Co.**  
Chartered Accountants  
(F.No: 000669S)

**Gautam Chand Jain**  
Chairman & Managing Director  
(D.No: 00004775)

**Meka Yugandhar**  
Independent Director  
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**Shantilal Daga**  
Partner  
Membership No. 11617

**Rahul Jain**  
Managing Director  
(D.No: 00576447)

**Apurva Jain**  
Executive Director  
(D.No: 06933924)

Place : Hyderabad  
Date : May 8, 2017

**M Viswanatha Reddy**  
Chief Financial Officer

**Paruchuru Vinay**  
Company Secretary

# Notes to Standalone Financial Statements

## 1. Significant Accounting Policies

### A Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention on accrual basis to comply in all material aspects and in accordance with Indian Generally Accepted Accounting Principles (GAAP), which comprises of mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). The accounting policies have been consistently applied by the Company unless otherwise stated.

### B Use of Estimates

The preparation of financial statements requires 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. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. The examples of such estimates include, the useful life of tangible and intangible fixed assets, allowances for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Actual results may differ from the estimates and assumptions and in such case, the difference is recognised in the period in which the results are known.

### C Revenue Recognition

- The company recognises revenues on the sale of products, net of discounts and sales incentives, when the products are dispatched / delivered to the customer/ dealer or when delivered to the carrier for export sales, which is when risks and rewards of ownership pass to the customer /dealer.
- Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.
- Revenue from services is recognized as per the terms of the contracts with the customers when the services are performed.
- Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Dividend income is recognized when the company's right to receive dividend is established.
- Export entitlements under the duty remission scheme are recognized as income when the right to receive the credit as per the terms of the scheme is established in respect of the exports made.

### D Recognition of Expenditure

Expenses are accounted for on an accrual basis and provision is made for all known losses and liabilities.

### E Fixed Assets

- Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any.
- The cost of Fixed Asset comprises its purchase price, including non-refundable taxes & duties and directly attributable cost of bringing the asset (including leasehold improvements) to its working condition for its intended use. Subsequent upgradation / enhancements which results in an increase in the future benefits from such assets, beyond the previously assessed standard of performance, are also capitalised. Machinery spares which can be used only in connection with an item of tangible assets and whose use is not regular nature are written off over the estimated useful life of relevant assets.
- All costs, including borrowing costs till commencement of commercial production, attributable to fixed assets are capitalized.

### F Intangible Assets and amortization

Intangible assets are stated at cost less accumulated amortization. Intangible assets are amortized on a straight line basis over their estimated useful life of 10 years.

### G Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

### H Capital Work-in-Progress

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

### I Depreciation and amortization

#### a. Owned assets: -

- Depreciation on fixed assets is provided on straight line method, at the rates and in the manner prescribed in Schedule II to the Companies Act., 2013.

# Notes to Standalone Financial Statements

- ii. Significant components of assets having a life shorter than the main asset, if any is depreciated over the shorter life.

## b. Leased Assets: -

- i. Leasehold lands are amortised over the period of lease.
- ii. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period is beyond the life of the building.
- iii. In other cases, buildings constructed on leasehold lands are amortized over the primary lease period of the lands.

## J Investments

Current investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are carried at lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. However, provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

## K Inventories

Inventories are valued at the lower of cost and net realizable value. Obsolete, slow moving and defective inventories are identified at the time of physical verification and necessary provision is made for such inventories. The cost is determined using the first-in-first out method for all categories of inventories. Cost includes in case of Raw materials, Stores & spares and consumables the purchase price and attributable direct cost less discounts. In case of Work-in-Progress and finished goods cost includes direct labour, material costs and production overheads.

## L Employee Benefits

- a. **Short Term Employee Benefits:** All employee benefits payable wholly within 12 months of rendering service are classified as short term employee benefit. Benefits such as Salaries, Wages, performance incentives, expected cost of bonus, exgratia are recognised during the period in which employee renders related service.
- b. **Post-employment Benefits:** Defined contribution plans: Company's contribution paid / payable during the year to employees state insurance scheme, Provident Fund and Labour welfare fund are recognised during the period. Defined benefit plans: For defined benefit schemes in the form of gratuity fund, provident fund and post retirement medical benefits, the cost of providing benefits is determined using the Project Unit Credit Method, with actuarial valuations being

carried out at each balance sheet date, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discounting rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date, having maturity periods approximately to the terms of related obligations. Actuarial gains/losses are recognised in full in the statement of profit and loss, for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligations recognised in the balance sheet represents that present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of the scheme of assets

- c. **Long-term employee benefits:** Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.
- d. **Termination benefits:** Termination benefits are recognised as an expense in the period in which they are incurred.

## M Foreign Currency Transactions

- i. Transactions denominated in foreign currencies are normally recorded on the initial recognition in the reported currency using the exchange rates prevailing on the date of transaction.
- ii. Monetary assets & liabilities denominated in foreign currencies are restated at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted in the period in which they arise.
- iii. Any income or expense on account of exchange difference either on settlement or on translation of monetary items are recognized in the Statement of Profit and Loss for the period in which they arise.
- iv. In respect of Forward Exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognized as income or expense along with the exchange differences

# Notes to Standalone Financial Statements

on the underlying assets / liabilities. Further, in case of other contracts with committed exchange rates, the underlying is accounted at the rate so committed. Profit or loss on cancellations / renewals of forward contracts is recognized during the year. In case of option contracts, the losses are accounted on mark to market basis.

## N Leases

A lease is classified at the inception date as finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. The Company as a lessee:

- i. **Operating lease:** Rentals payable under operating leases are charged to the statement of profit and loss on a straight line basis over the term of the relevant lease.
- ii. **Finance lease:** Finance leases are capitalised at the commencement of lease, at the lower of the fair value of the property or the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income over the period of the lease.

## O Borrowing Cost

Interest and other borrowing costs attributable to qualifying assets are capitalized. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over 12 months) to get ready for its intended use or sale. Other interest and borrowing costs are charged to statement of Profit & Loss.

## P Provisions, Contingent Liabilities, Contingent Assets and commitments

- i. **Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.
- ii. **Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that

arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

- iii. **Contingent Assets:** Contingent Assets are neither recognised or disclosed in the financial statements.
- iv. Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets

## Q Accounting for Taxes on Income

### i. Current Tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income-tax Act, 1961.

### ii. Deferred Tax

Deferred tax assets and liabilities are recognised by computing the tax effect on timing differences which arise during the year and reverse in the subsequent periods. Deferred tax assets against unabsorbed depreciation and carried forward loss under tax laws, are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets on other timing differences are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### iii. Minimum Alternate Tax

Minimum Alternate Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

- iv. Current and Deferred tax is measured based on the provisions of tax laws and tax rates enacted or substantively enacted as at the Balance Sheet date.

## R Cash and Cash Equivalents

- a. Cash comprises cash on hand and demand deposits with banks
- b. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

# Notes to Standalone Financial Statements

## S Segment Accounting

### a. Segment accounting policies:

Segment accounting policies are in line with the accounting policies of the Company. The Company identifies primary business segment based on the different risks and returns, the organisation structure and the internal reporting systems. Secondary segments are identified on the basis of geography in which sales have been effected. In addition, the following specific accounting policies have been followed for segment reporting:

1. Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
2. Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.
3. Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.

4. Segment result includes margins on inter-segment and sales which are reduced in arriving at the profit before tax of the Company.
5. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

### b. Inter-segment transfer pricing:

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

## T Earning Per Share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

## 2. Notes to Financial Statements:

### 2.1 Share Capital

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>Authorized:</b>		
2,00,00,000 (2,00,00,000) Equity Shares of ₹10/- each	2000.00	2000.00
<b>Issued, Subscribed and Paid-up:</b>		
62,00,800 (62,00,800) Equity Shares of ₹10/- each fully paid-up	620.08	620.08
<b>Total</b>	<b>620.08</b>	<b>620.08</b>

#### 2.1.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	No. of Shares	No. of Shares
At the beginning of the period	6200800	6200800
Issued during the period	-	-
Outstanding at the end of the period	<b>6200800</b>	<b>6200800</b>

#### 2.1.2 Terms / rights attached to equity shares:

The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the

ensuing Annual General Meeting. The Board at its meeting held on May 8, 2017 approved, subject to the approval of shareholders the subdivision of the equity shares of the face value of ₹10/- each into equity shares of face value of ₹2/- each.

# Notes to Standalone Financial Statements

During the year ended March 31, 2017 the amount of per share dividend recognised as distribution to equity shareholders was ₹3.00 (previous year ₹10.00) per equity share of face value of ₹10/- and this shall be equivalent to a dividend of ₹0.60 paise per equity share value of ₹2/- per equity share post subdivision.

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.

### 2.1.3 Details of shareholders holding more than 5% shares in the company

	As at March 31, 2017		As at March 31, 2016	
	No. of shares	% holding	No. of shares	% holding
<b>Equity shares of ₹10/- each fully paid</b>				
Gautam Chand Jain	2337409	37.70	500000	8.06
Prakash Chand Jain	-	-	500000	8.06
Ashok Chand Jain	-	-	625000	10.08
Raaj Kumar Jain	-	-	510150	8.23
Dilip Kumar Jain	500000	8.06	500000	8.06
Ashish Kacholia	465086	7.50	355315	5.73

## 2.2 Reserves and Surplus

	As at March 31, 2017		As at March 31, 2016	
	₹ In Lakhs			
<b>Capital Subsidy</b>		15.00		15.00
<b>Securities Premium Account</b>		73.96		73.96
<b>General Reserve</b>				
Balance at the beginning of the Year	980.36		980.36	
Add: Transfer from Surplus	-	980.36	-	980.36
<b>Surplus - Balance in Statement of Profit &amp; Loss</b>				
Opening Balance	9904.05		8925.55	
Add: Profit for the year	1177.02		1724.81	
	<b>11081.07</b>		<b>10650.36</b>	
Less: Proposed Dividend	186.02		620.08	
Less: Tax on proposed Dividend	37.87		126.23	
		<b>10857.18</b>		<b>9904.05</b>
<b>Total</b>		<b>11926.50</b>		<b>10973.37</b>

## 2.3 Borrowings

	Non-current portion		Current maturities	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
<b>A. Long-term Borrowings</b>				
<b>Secured</b>				
<b>Term Loans</b>				
Indian Rupee Loans from Banks	-	707.31	95.09	250.00
External Commercial Borrowing from Banks	1527.33	2343.59	763.67	781.27
Foreign Currency Loans from Banks	1683.02	-	280.50	-

# Notes to Standalone Financial Statements

## A. Long-term Borrowings (Contd.)

	₹ In Lakhs			
	Non-current portion		Current maturities	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
<b>Finance Lease Obligations</b>				
Banks	71.88	126.95	94.85	69.57
Others	249.87	67.01	175.23	154.33
<b>Unsecured</b>				
<b>Loans &amp; Advances from Related Parties</b>				
Loans from Directors	1360.57	501.58	-	-
	<b>4892.67</b>	<b>3746.44</b>	<b>1409.34</b>	<b>1255.17</b>
Amount disclosed under the head "Other Current Liabilities" (Note.2.5)			(1409.34)	(1255.17)
<b>Total</b>	<b>4892.67</b>	<b>3746.44</b>	<b>-</b>	<b>-</b>
<b>B. Short-term Borrowings</b>				
<b>Secured</b>				
<b>From Banks</b>				
- Working Capital Loan	-	-	2257.83	3243.27
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2257.83</b>	<b>3243.27</b>

2.3.1 Term Loans & Working capital facilities from Union Bank of India are secured by hypothecation of first charge on all immovable and movable properties including machineries, current assets such as inventories, book debts and other receivables of the company, both present and future besides personal properties of some of the directors and guarantee of the Directors (other than independent directors).

2.3.2 External Commercial Borrowings from Union Bank of India are secured by way of extension of charge on fixed assets of the company.

2.3.3 Maturity profile of Term Loans from banks are as set out below:

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Rupee Term Loan</b>							
Rate of interest - 13.95%	95.09	-	-	-	-	-	-
<b>External Commercial Borrowings</b>							
Rate of interest - Six months Libor plus 350 bps	763.67	763.67	763.66	-	-	-	-
<b>Foreign Currency Term Loans</b>							
Rate of interest Libor plus 625 bps	280.50	280.50	280.50	280.50	280.50	280.50	280.52

# Notes to Standalone Financial Statements

## 2.3.4 Finance Lease Obligations:

Finance lease obligations are repayable in equated monthly instalments. The assets acquired on finance lease mainly comprise, cars and equipment's. The lease has a primary period, which is fixed and non-cancellable. Finance leases are secured by hypothecation of respective assets purchased out of finance, and personal guarantee of some of the Directors (other than independent directors). The minimum lease rentals and the present value of minimum lease payments in respect of assets acquired under finance leases are as follows:

	₹ In Lakhs			
	Minimum lease payments		Present value of minimum lease payments	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Due within one year	315.23	257.41	270.08	223.90
Due one to five years	349.01	209.61	321.75	193.96
<b>Total</b>	<b>664.24</b>	<b>467.02</b>	<b>591.83</b>	<b>417.86</b>
Less: Future finance charges	72.41	49.16		
<b>Present value of minimum lease payable</b>	<b>591.83</b>	<b>417.86</b>		

## 2.4 Deferred Tax Liabilities (Net)

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>Deferred Tax Liabilities</b>		
Depreciation	351.95	271.61
	<b>351.95</b>	<b>271.61</b>
<b>Deferred Tax Asset</b>		
Others	101.95	93.55
Provision for Doubtful Debts	46.99	32.04
	<b>148.94</b>	<b>125.59</b>
<b>Total</b>	<b>203.01</b>	<b>146.02</b>

## 2.5 Other Liabilities

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>Other Current Liabilities</b>		
Advance from Customers	607.33	648.61
Creditors for Capital Expenditure	146.09	745.29
Current Maturities of Long term Borrowings (refer note.2.3(A))	1409.34	1255.17
Interest accrued but not due on borrowings	30.99	43.88
Interest accrued and due on borrowings	10.23	-
Statutory Liabilities	84.32	114.36
Unpaid Dividend	33.88	28.49
Other Payables	699.13	892.34
<b>Total</b>	<b>3021.31</b>	<b>3728.14</b>

# Notes to Standalone Financial Statements

## 2.6 Trade Payables

	As at March 31, 2017	As at March 31, 2016
<b>Others</b>	1126.59	1409.99
Micro, Small and Medium Enterprises	52.53	-
<b>Total</b>	<b>1179.12</b>	<b>1409.99</b>

₹ In Lakhs

### 2.6.1 Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2017	As at March 31, 2016
a. Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end	52.53	Nil
b. Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	2.30	Nil
c. Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	52.25	Nil
d. Interest paid, other than under section 16 of MSMED Act, to suppliers registered under the Act, beyond the appointed day during the year	Nil	Nil
e. Interest paid, under section 16 of MSMED Act, to suppliers registered under the Act, beyond the appointed day during the year	Nil	Nil
f. Interest due and payable towards suppliers registered under MSMED Act, for payments already made	1.65	Nil
g. Further interest remaining due and payable for earlier years	Nil	Nil

₹ In Lakhs

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company, regarding the status of registration of such vendor under the said Act, as per the intimation received from them on the request made by the company.

## 2.7 Provisions

	As at March 31, 2017	As at March 31, 2016
<b>A. Long-term Provisions</b>		
<b>Provision for Employee Benefits</b>		
for Gratuity	167.17	99.74
for Compensated absences	57.25	55.49
<b>Total</b>	<b>224.42</b>	<b>155.23</b>

₹ In Lakhs

### B. Short-term Provisions

	As at March 31, 2017	As at March 31, 2016
for Gratuity	15.92	43.64
for Compensated absences	3.67	53.69
for Income Tax	434.52	866.39
for Proposed Dividend	186.02	620.08
for tax on Proposed Dividend	37.87	126.23
<b>Total</b>	<b>678.00</b>	<b>1710.03</b>

₹ In Lakhs

# Notes to Standalone Financial Statements

## 2.8 Fixed Assets

Description	Gross Block			Depreciation			Net Block	
	As at April 01, 2016	As at Additions March 31, 2017	Deletions / Adjust- ments	upto March 31, 2016	For the Period	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
<b>Tangible Assets:</b>								
Land - Freehold*	514.05 (509.39)	65.96 (4.66)	-	-	-	-	580.01 (514.05)	514.05 (509.39)
Buildings	58.07 (55.81)	-	-	36.18 (35.22)	1.02 (0.96)	37.20 (36.18)	20.87 (21.89)	21.89 (20.59)
Factory & Quarry Buildings	2739.87 (2675.57)	617.07 (64.30)	-	961.17 (858.90)	107.86 (102.27)	1069.03 (961.17)	2287.91 (1778.70)	1778.70 (1816.67)
Plant & Machinery	13118.01 (12035.06)	2727.65 (1125.37)	66.03 (42.42)	7491.65 (6817.52)	815.77 (699.32)	8254.34 (7491.65)	7525.29 (5626.36)	5626.36 (5217.54)
Vehicles	800.29 (712.94)	94.74 (87.35)	45.58 -	426.36 (365.82)	66.19 (60.54)	448.64 (426.36)	400.81 (373.93)	373.93 (347.12)
Furniture & Fixtures	671.31 (718.28)	73.12 (14.60)	79.53 (61.57)	444.73 (396.67)	74.73 (78.41)	464.46 (444.73)	200.44 (226.58)	226.58 (321.61)
Office Equipment	391.26 (301.15)	27.02 (90.37)	1.66 (0.26)	246.16 (199.90)	48.45 (46.37)	293.04 (246.16)	123.58 (145.10)	145.10 (101.25)
<b>Total - (A)</b>	<b>18292.86</b> (17008.20)	<b>3605.56</b> (1388.91)	<b>192.80</b> (104.25)	<b>9606.25</b> (8674.03)	<b>1114.02</b> (987.87)	<b>10566.71</b> (9606.25)	<b>11138.91</b> (8686.61)	<b>8686.61</b> (8334.17)
<b>Intangible Assets:</b>								
Trade Marks & Brand Names	382.80 (382.80)	-	-	382.80 (382.80)	-	382.80 (382.80)	-	-
<b>Total - (B)</b>	<b>382.80</b> (382.80)	<b>-</b>	<b>-</b>	<b>382.80</b> (382.80)	<b>-</b>	<b>382.80</b> (382.80)	<b>-</b>	<b>-</b>
<b>Total - (A + B)</b>	<b>18675.66</b> (17391.00)	<b>3605.56</b> (1388.91)	<b>192.80</b> (104.25)	<b>9989.05</b> (9056.83)	<b>1114.02</b> (987.87)	<b>10949.51</b> (9989.05)	<b>11138.91</b> (8686.61)	<b>8686.61</b> (8334.17)
Previous Year								
Capital Work-in-progress							188.11	1334.27

Notes: \*2.8.1- Includes cost of Land measuring Acres 2.11 cents, which has been disputed by third parties pending disposal.

2.8.2- Land includes ₹92.10 lakhs (Previous year ₹50.55 Lakhs) admeasuring 42.92 acres (previous year 9.49 acres) for which title/conveyance deeds are pending for execution in favour of company.

## Notes to Standalone Financial Statements

### 2.9 Non-Current Investments

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>Trade - Unquoted</b>		
Long Term - At Cost		
In Subsidiary Companies -		
<b>Equity Shares:</b>		
41,70,584 (41,70,584) Equity Shares of ₹10/- each fully paid up of Pokarna Engineered Stone Limited	6115.88	6115.88
<b>Total</b>	<b>6115.88</b>	<b>6115.88</b>

2.9.1 Investment in Equity Shares: 51% of investment in Equity shares are pledged to Bankers against the borrowings by the subsidiary - Pokarna Engineered Stone Limited

### 2.10 Loans & Advances

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>A. Long-term Loans and Advances</b>		
Unsecured, considered good		
Capital Advances	161.58	315.82
Security Deposit	403.90	399.14
Other Advances	207.35	199.50
<b>Total</b>	<b>772.83</b>	<b>914.46</b>

2.10.1 Security Deposit includes ₹85.90 Lakhs (p.y. ₹64.88 Lakhs) pledged to Mines & Geology and other departments.

2.10.2 Capital Advances includes ₹65.95 Lakhs (p.y. ₹132.01 Lakhs) towards consideration paid for Land admeasuring 13.09 Acres (p.y. 67.04 Acres), which are in possession of the company. The title / conveyance / lease deeds in respect of these assets are pending for execution in favour of the company.

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>B. Short-term Loans and Advances</b>		
Unsecured, considered good		
Cenvat Credit Receivable	19.75	32.15
Advance for Material	151.08	30.31
Advance Income Tax	5.30	5.30
Loans to Employees	0.10	0.68
Prepaid Expenses	91.35	130.28
Other Advances	305.91	290.20
<b>Total</b>	<b>573.49</b>	<b>488.92</b>

## Notes to Standalone Financial Statements

### 2.11 Other Assets

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>A. Other Non-current Assets</b>		
Non-current Bank Balances		
Deposits with maturity for more than 12 months		
Margin Money deposits	194.20	242.44
Interest accrued on fixed deposits	0.15	6.73
<b>Total</b>	<b>194.35</b>	<b>249.17</b>
<b>B. Other Current Assets</b>		
Interest accrued on fixed deposits	22.35	29.19
<b>Total</b>	<b>22.35</b>	<b>29.19</b>

### 2.12 Inventories

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
Raw Material (includes in transit ₹15.51 Lakhs (p.y. ₹14.10 Lakhs))	615.29	705.36
Work-in-progress	78.56	106.00
Finished Goods	1995.94	2316.75
Traded Goods (includes in transit ₹ Nil Lakhs (p.y. ₹5.39 Lakhs))	76.53	78.13
Consumables, Stores & Spares (includes in transit ₹2.48 Lakhs (p.y. ₹1.23 Lakhs))	544.74	695.69
Packing Material (includes in transit ₹0.15 Lakhs (p.y. ₹ Nil Lakhs))	41.58	85.60
<b>Total</b>	<b>3352.64</b>	<b>3987.53</b>

### 2.13 Trade Receivables

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>Unsecured</b>		
<b>Outstanding for a period exceeding six months</b>		
Considered good	212.32	149.74
Doubtful	116.15	223.52
<b>Other Receivables</b>		
Considered good	1846.70	2948.95
Doubtful	19.62	-
	<b>2194.79</b>	<b>3322.21</b>
Provision for doubtful receivables	135.76	92.58
<b>Total</b>	<b>2059.03</b>	<b>3229.63</b>

## Notes to Standalone Financial Statements

### 2.13.1 Trade Receivables include:

	As at March 31, 2017	As at March 31, 2016
Debts due from company/ firm in which company's directors are directors / partners - Adam 'N' Eve	-	28.52

### 2.13.2 Provisions

Particulars	Carrying amount as at April 1, 2016	Additional Provisional made during the year	Amount written off during the year	₹ In Lakhs
				Unused as at March 31, 2017
Provision for Doubtful Debts	92.58	43.18	-	135.76

### 2.14 Cash and Bank Balances

	Non-current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
<b>Cash and Cash Equivalents</b>				
Balances with Banks			122.95	126.78
Deposits - Margin Money with maturity less than 3 months			130.67	87.00
In unpaid Dividend Account			33.88	28.49
Cash in Hand			2.32	2.87
			<b>289.82</b>	<b>245.14</b>
<b>Other Bank Balances</b>				
Deposits - Margin Money with maturity for more than 3 months but less than 12 months			295.53	451.77
with maturity for more than 12 months	194.20	242.44		
Amount disclosed under the head "Other Non-current Assets" (Note.2.11(A))	(194.20)	(242.44)		
<b>Total</b>	<b>-</b>	<b>-</b>	<b>585.35</b>	<b>696.91</b>

### 2.14.1 Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016:

	₹ In Lakhs		
	Specified Bank Notes SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1.98	3.16	5.14
(+) Permitted receipts	-	27.45	27.45
(-) Permitted payments	-	18.96	18.96
(-) Amount deposited in Banks	1.98	9.01	10.99
Closing cash in hand as on 30.12.2016	-	2.64	2.64

## Notes to Standalone Financial Statements

### 2.15 Revenue from Operations

	Year ended March 31, 2017	Year ended March 31, 2016
<b>Sale of Products</b>		
Finished Goods	15525.53	18795.25
Traded Goods	271.19	670.95
	<b>15796.72</b>	<b>19466.20</b>
Sale of Services	28.33	6.86
Revenue from Operations (Gross)	<b>15825.05</b>	<b>19473.06</b>
<b>Details of Products Sold</b>		
<b>Finished Goods</b>		
Finished Granite	6689.93	9892.91
Raw Granite	8051.92	8178.82
Apparel	783.68	723.52
	<b>15525.53</b>	<b>18795.25</b>
<b>Traded Goods</b>		
Finished Granite	42.18	268.24
Raw Granite	69.53	261.25
Apparel	21.54	17.41
Fabric	137.94	124.05
	<b>271.19</b>	<b>670.95</b>
<b>Total</b>	<b>15796.72</b>	<b>19466.20</b>
<b>Details of Services Rendered</b>		
Job work Charges	28.33	6.86
<b>Total</b>	<b>28.33</b>	<b>6.86</b>

### 2.16 Other Income

	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on		
Bank Deposits	51.56	39.15
Debentures	-	64.74
Others	8.93	221.56
Commission Income	17.32	13.10
Scrap Sales	16.02	21.44
Foreign Exchange Gain	285.10	-
Miscellaneous Income	-	5.07
Sundry Credit balances written back	68.70	-
Insurance claim	1.42	-
Hire Charges Received	86.40	79.65
Profit on sale of assets	6.64	-
<b>Total</b>	<b>542.09</b>	<b>444.71</b>

## Notes to Standalone Financial Statements

### 2.17 Cost of Raw Material and Components consumed

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>Opening Stock</b>	732.25	866.52
Add: Purchases	1309.95	2305.33
	<b>2042.20</b>	<b>3171.85</b>
Less: Closing Stock	642.22	732.25
<b>Total</b>	<b>1399.98</b>	<b>2439.60</b>
<b>Details of Raw Material and Components consumed</b>		
Raw Granite	1236.72	2156.92
Fabric	145.09	249.67
Consumables	18.17	33.01
<b>Total</b>	<b>1399.98</b>	<b>2439.60</b>
<b>Details of Inventory</b>		
Raw Granite	436.90	461.05
Fabric	178.39	244.30
Consumables	26.93	26.90
<b>Total</b>	<b>642.22</b>	<b>732.25</b>

#### 2.17.1 Details of imported and indigenous raw materials, consumables, stores & spares consumed during the year:

		₹ In Lakhs			
Class of Goods		Year ended March 31, 2017		Year ended March 31, 2016	
		Value	%	Value	%
Raw Material	Imported	152.62	7.53	506.57	15.87
	Indigenous*	1873.94	92.47	2685.77	84.13
	<b>Total</b>	<b>2026.56</b>	<b>100.00</b>	<b>3192.34</b>	<b>100.00</b>
Consumables, Stores & Spares	Imported	509.91	35.53	1046.38	51.81
	Indigenous	925.14	64.47	973.09	48.19
	<b>Total</b>	<b>1435.05</b>	<b>100.00</b>	<b>2019.47</b>	<b>100.00</b>

\* Including inter unit transfer of 2758.25 CBM of ₹626.58 Lakhs (previous year 4790 CBM of ₹752.74 Lakhs)

### 2.18 Details of Purchase of Traded Goods

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Finished Granite	23.82	180.55
Raw Granite	38.17	107.88
Apparel	20.48	24.81
Fabric	66.32	50.04
<b>Total</b>	<b>148.79</b>	<b>363.28</b>

## Notes to Standalone Financial Statements

### 2.19 (Increase) / Decrease in Inventories

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>Opening Stock</b>		
Finished Goods	1851.98	1504.38
Work-in-Progress	106.00	154.56
Raw Granite	464.77	452.50
Traded Goods	78.13	35.46
	<b>2500.88</b>	<b>2146.90</b>
<b>Less: Closing Stock</b>		
Finished Goods	1606.22	1851.98
Work-in-Progress	78.56	106.00
Raw Granite	389.72	464.77
Traded Goods	76.53	78.13
	<b>2151.03</b>	<b>2500.88</b>
<b>Total</b>	<b>349.85</b>	<b>(353.98)</b>
<b>Details of Inventory</b>		
<b>Traded Goods</b>		
Raw Granite	-	5.39
Apparel	39.54	41.11
Fabric	36.99	31.63
<b>Total</b>	<b>76.53</b>	<b>78.13</b>
<b>Work-In-Progress</b>		
Finished Granite	59.71	74.59
Apparel	18.85	31.41
<b>Total</b>	<b>78.56</b>	<b>106.00</b>
<b>Finished Goods</b>		
Finished Granite	1298.32	1427.88
Raw Granite	389.72	464.77
Apparel	307.90	424.10
<b>Total</b>	<b>1995.94</b>	<b>2316.75</b>

### 2.20 Employee Benefits Expense

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, Wages, Bonus & Allowances	2174.21	2504.14
Contribution to Provident Fund and Other Funds	157.62	132.93
Retirement Benefits	37.80	109.29
Staff Welfare Expense	175.43	172.67
<b>Total</b>	<b>2545.06</b>	<b>2919.03</b>

#### 2.20.1 Employee Benefits:

	₹ In Lakhs	
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Defined Contribution Plan</b>		
Employer's contribution to Provident Fund	139.09	115.21

# Notes to Standalone Financial Statements

## 2.20.1 Employee Benefits: (Contd...)

### Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust ( Life Insurance Corporation of India for Granite Division of the company) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Compensated Absence is recognized in the same manner as gratuity.

Particulars	₹ In Lakhs			
	Gratuity (Funded)		Compensated Absence (Unfunded)	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
<b>a. Reconciliation of opening and closing balances of the present value of the Projected Benefit Obligation</b>				
Projected Benefit Obligation at Beginning of year	360.55	270.48	63.43	44.26
Current service cost	49.05	38.32	47.64	40.49
Past Service Cost	-	-	-	-
Interest cost	26.23	20.56	4.50	3.23
Actuarial(Gain)/Loss	(12.82)	42.96	(48.68)	(19.32)
Benefits paid	(18.03)	(11.77)	(5.97)	(5.23)
Projected Benefit Obligation at year end	404.98	360.55	60.92	63.43
<b>b. Reconciliation of opening and closing balances of Fair Value of plan assets</b>				
Fair value of Plan asset at beginning of year	217.17	201.21	-	-
Adjustment of opening balance	-	-	-	-
Expected return on Plan Assets	16.49	17.08	-	-
Actuarial(Gain)/Loss	0.88	(0.13)	-	-
Employer Contribution	5.39	10.78	5.97	5.23
Benefits Paid	(18.03)	(11.77)	(5.97)	(5.23)
Fair value of Plan asset at year end	221.90	217.17	-	-
<b>c. Reconciliation of fair value of assets and Obligation</b>				
Fair value of Plan assets	221.90	217.17	-	-
Present value of Projected Benefit obligation	404.98	360.55	60.92	63.43
Amount recognized in Balance Sheet	(183.08)	(143.38)	(60.92)	(63.43)
<b>d. Expenses recognized during the year Under the head "Personnel Costs".</b>				
Current service cost	49.05	38.32	47.64	40.49
Interest cost	26.23	20.56	4.50	3.23
Past Service Cost	-	-	-	-
Expected return on Plan Assets	(16.49)	(17.08)	-	-
Actuarial(Gain)/Loss	(13.69)	43.09	(48.68)	(19.32)
Income(-)/Expenses(+) recognized in the statement of Profit & Loss	45.10	84.89	3.46	24.40
<b>e. Actuarial Assumptions</b>				
	2006-08	2006-08	2006-08	2006-08
Mortality Table (L.I.C)	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount rate (per annum)	6.69%	7.46%	6.69%	7.46%
Rate of escalation in salary (per annum)	8.00%	8.00%	8.00%	8.00%
Attrition Rate	0-5 - 10%	1 -17 - 10 %	0-5 - 10%	1 -17 - 10 %
	5 - 10 - 5%	17 -40 - 0%	5-10 - 5%	17 -40 - 0%
	10 - 40 - 2%	---	10 - 40 - 2%	---
Expected return on Plan assets – LIC	8.25%	7.82%	-	-
<b>f) The estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.</b>				
<b>g) The company expects to contribute H20.00 Lakhs to its Gratuity plan for the next year.</b>				

# Notes to Standalone Financial Statements

## 2.21 Other Expenses

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Consumption of Stores & Spares	1435.05	2019.47
Processing & Job work expenses	214.45	194.63
Power and Fuel	1664.05	1649.25
Repairs and Maintenance:-		
- Plant and Machinery	114.07	208.33
- Building	63.45	99.83
- Others	44.44	57.86
Cutter and Driller Charges	479.93	504.81
Royalty on Quarry Land	9.78	12.69
Rent	270.69	342.09
Rates and Taxes	24.62	25.86
Insurance	76.87	80.13
Communication Charges	48.54	50.76
Printing & Stationery	23.15	21.01
Travelling & Conveyance Expenses	122.85	185.18
Electricity Charges	44.31	62.84
Vehicle Maintenance	88.39	89.89
Auditors Remuneration	11.50	9.58
Advertisement	10.17	129.70
Legal and Professional Charges	145.69	160.19
Commission to Non-Executive Directors	18.00	30.00
Directors Sitting Fees	9.00	6.09
Donations	4.46	7.75
Corporate Social Responsibility Activity Expenses	8.30	9.63
Fees & Subscriptions	35.94	11.26
Government Royalty and Dead Rent	1158.26	991.63
Carriage Outwards	931.33	1178.37
Sales Commission	34.60	69.38
Discounts and Claims	82.65	132.56
Business Promotion Expenses	156.07	359.66
Packing Material	178.26	262.29
Provision for Doubtful Debts	43.18	78.54
Bad debts written off	168.93	-
Excise Duty-Others	(3.08)	10.05
Sales Tax	70.23	90.07
Bank Charges	44.33	64.10
Foreign Exchange Loss	-	19.81
Impairment / Loss on sale of assets	36.05	42.86
Miscellaneous Expenses	46.11	54.13
<b>Total</b>	<b>7914.62</b>	<b>9322.28</b>

### 2.21.1 Auditors Remuneration

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Statutory Audit	7.50	5.50
Tax Audit	1.25	1.25
Certification	1.76	2.08
Out of Pocket expenses	0.19	0.30
Service Tax	0.80	0.45

# Notes to Standalone Financial Statements

## 2.22 Depreciation & Amortization

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation on tangible assets	1114.02	987.87
<b>Total</b>	<b>1114.02</b>	<b>987.87</b>

## 2.23 Finance Costs

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Interest on Borrowings:		
- Banks	588.67	706.24
- Others	150.95	400.89
Interest on Taxes / Duties	88.49	157.42
<b>Total</b>	<b>828.11</b>	<b>1264.55</b>

Note: Interest Expenses are net of interest capitalised of ₹103.32 lakhs (Previous year ₹ Nil Lakhs)

## 2.24

	₹ In Lakhs	
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>1. Contingent Liabilities not provided for</b>		
a. Letter of Credits outstanding	297.56	203.83
b. Bank Guarantee	1.61	-
c. Claims against the company / disputed liabilities not acknowledged as debts:		
i. Income tax matters, pending decisions on various appeals made by the company and by the Department. Amount deposited ₹ Nil Lakhs (previous year ₹ Nil Lakhs)	204.22	35.53
ii. Excise matters (including service tax), amount deposited ₹5.57 Lakhs (previous year ₹5.57 Lakhs)	318.73	231.50
iii. Customs matters, amount deposited ₹ Nil Lakhs (previous year ₹ Nil Lakhs)	75.91	75.91
iv. Sales tax matters, amount deposited ₹2.69 Lakhs (previous year ₹2.69 Lakhs)	37.73	54.19
v. Mines & Geology matters, amount deposited ₹8.17 Lakhs (previous year ₹ Nil Lakhs)	231.94	321.05
vi. Cross subsidy charges payable to Central Power Distribution Company	52.53	52.53
vii. Fuel Surcharge adjustment (FSA) claim to the extent billed by Power distribution Companies of TG	5.29	5.29
viii. In view of the amendment in The Payment of Bonus Act, 1965 notified on 1 <sup>st</sup> January 2016, which was effective retrospectively from 1 <sup>st</sup> April, 2014, the company on the legal advice has decided not to consider it on account of the interim order dated 26 <sup>th</sup> April, 2016 of Hon'ble Andhra Pradesh High Court allowing stay on the amendment with retrospective effect till the time its constitutional validity is established.	39.20	39.20
ix. Other Matters disputed	116.79	116.79
<b>Other Commitments:</b>		
x. Granite processing units of the Company situated at Aliabad and Toopronpet village are registered as a 100% export oriented units ("EOU"), and are exempted from Customs and Central Excise duties and levies on imported & indigenous capital goods and stores & spares. The Company has executed a Bond Cum Legal Undertaking to pay Customs duty, Central Excise duty, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores & spares, consumed duty free, in the event that certain terms and conditions are not fulfilled. As on 31 <sup>st</sup> March, 2017, the Company has a positive Net Foreign Exchange Earning, as defined in the Foreign Trade Policy 2009-2014 and 2015-2020 wherever applicable.		
xi. The company is also involved in other lawsuits, claims, investigations and proceedings, including trade mark and commercial matters, which arise in the ordinary course of business. However, there are no material claims on such cases.		
<b>2. Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on Capital Account not provided for (net of advances)	<b>419.69</b>	<b>1070.39</b>

# Notes to Standalone Financial Statements

## 2.25 Business Restructuring

The Board of Directors ("Board") has identified Granite and Quartz Surfaces as Company's core business ("Stone Business"). In order to focus its efforts and resources towards growing Stone Business, the Board in their meeting held on 10<sup>th</sup> February, 2017, had constituted a committee comprising of independent directors ("Independent Committee") to explore and evaluate various restructuring options available for Apparel division of the company ("Apparel Business") including selling, leasing, exchanging, transferring, hiving off or otherwise disposing off. Upon completion of evaluation of the possible restructuring options, the Independent Committee submitted its recommendations to the Audit Committee on 8<sup>th</sup> May, 2017 and the Audit Committee submitted its recommendations to the Board on 8<sup>th</sup> May, 2017. The Board, considering the recommendations of the Independent Committee and the Audit Committee, on 8<sup>th</sup> May, 2017 in principle, approved the transfer and sale of Apparel Business on a going concern basis. In the opinion of the Board, all assets of Apparel Business are realizable in the ordinary course of business at the value at which they are stated in the Financial Statements. The transfer and sale of Apparel Business is subject to finding the buyer / investor and receipt of acceptable offer and is also subject to such other requisite approvals, consents and clearance from the Company's Bankers, Company's Shareholders and other Institutions or bodies and statutory authorities if and wherever necessary, and as may be required. Pending consummation of such transfer and sale, the operations at Apparel Business shall continue in the ordinary course of business. Since the 'initial disclosure event' as provided under the Accounting Standard 24 ("AS 24") has neither occurred during the year under review nor before the approval of financial statements by the Board, the disclosure as provided under AS 24 has not been made. Certain financial information with respect to Granite and Apparel Business is given below:

	₹ In Lakhs					
Particulars	Granites		Apparel		Total	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations	14598.56	18400.74	951.91	870.50	15550.47	19271.24
EBIDTA	4086.91	5532.91	(352.65)	(507.17)	3734.26	5025.74
Profit After Tax	1876.72	2901.27	(699.70)	(1176.47)	1177.02	1724.81

The carrying amount of total assets and liabilities of Apparel Business are as follows:

	₹ In Lakhs	
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Total Assets	2892.24	3308.64
Total Liabilities	1305.45	1430.61

\* Stone Business includes Quartz surfaces business. Quartz surfaces business is carried out by Pokarna Engineered Stone Limited (PESL) and hence financial information of PESL has not been included in the above table.

## 2.26 Financial and Derivative Instruments

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Foreign currency exposure that are not hedged by derivative or forward contracts as on 31 <sup>st</sup> March	5818.29	6254.05

## Notes to Standalone Financial Statements

### 2.27 Deferred Tax

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>Deferred Tax Liability</b>		
Depreciation	80.34	14.73
<b>Total</b>	<b>80.34</b>	<b>14.73</b>
<b>Deferred Tax Asset</b>		
Provision for Debtors	14.96	27.27
Others	8.39	93.55
<b>Total</b>	<b>23.35</b>	<b>120.82</b>
<b>Net Deferred Tax Liability / (Asset)</b>	<b>56.99</b>	<b>(106.09)</b>

### 2.28 Related Party Disclosures :

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

#### (i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

- Enterprises where control exists:  
Pokarna Engineered Stone Limited – Wholly owned Subsidiary
- Names of the Associates:  
Pokarna Fabrics Pvt Limited, Pokarna Fashions Pvt Limited, Pokarna Marketing Pvt Limited, Southend, Southend Extension
- Enterprises over which key Managerial Personnel are able to exercise significant influence  
Adam 'N' Eve
- Names of Key Management Personnel  
Gautam Chand Jain, Rahul Jain, Apurva Jain
- Names of Relatives  
Prakash Chand Jain, Ashok Chand Jain, Raaj Kumar Jain, Vidya Jain, Rekha Jain, Anju Jain, Ritu Jain, Chaya Jain, Pratik Jain, Neha Jain, Nidhi Jain, Gautam Chand Jain (HUF), Prakash Chand Jain (HUF)

#### (ii) Transactions during the year with related parties :

	₹ In Lakhs				
Nature of the Transaction	Subsidiary	Associates/ other related parties	Key Management Personnel	Relatives	Total
<b>Purchases</b>					
Goods and Services, net	-	2.86	-	13.54	16.40
	-	(30.24)	-	(11.08)	(41.32)
Fixed Asset	0.83				0.83
	(14.28)				(14.28)
<b>Sales</b>					
Goods and Services, net	1.41	39.23	-	-	40.64
	(8.09)	(-77.57)	-	(0.74)	(-68.74)
Job Work	6.07	-	-	1.84	7.91
	-	(0.27)	-	(1.77)	(2.04)
<b>Expenses</b>					
Remuneration	-	-	180.30	-	180.30
	-	-	(323.65)	-	(323.65)
Sitting fee & Commission	-	-	-	4.40	4.40
	-	-	-	(5.80)	(5.80)

## Notes to Standalone Financial Statements

### (ii) Transactions during the year with related parties : (Contd...)

	₹ In Lakhs				
Nature of the Transaction	Subsidiary	Associates/ other related parties	Key Management Personnel	Relatives	Total
<b>Salaries</b>					
Salaries	-	-	-	-	-
	-	-	-	(4.50)	(4.50)
<b>Rent</b>					
Rent	-	31.73	5.69	42.92	80.34
	-	(31.45)	(4.71)	(66.81)	(102.97)
<b>Interest</b>					
Interest	-	-	22.35	98.75	121.10
	-	(220.18)	(15.03)	(54.98)	(290.19)
<b>Dividend</b>					
Dividend	-	-	73.13	32.29	105.42
	-	-	(60.00)	(291.38)	(351.38)
<b>Income</b>					
Interest	-	-	-	-	-
	(212.48)	-	-	-	(212.48)
Interest on Debentures	-	-	-	-	-
	(64.74)	-	-	-	(64.74)
<b>Other receipts</b>					
Reimbursement of Expenses	-	-	-	-	-
	(15.36)	-	-	-	(15.36)
<b>Loans &amp; Advances and Rent Deposit</b>					
Loans & Advances taken	-	-	90.00	660.00	750.00
	-	-	-	-	-
Rent Deposit given	-	-	-	-	-
	-	(1.92)	-	(58.53)	(60.45)
<b>Outstanding's</b>					
Receivables	-	-	-	-	-
	-	(28.52)	-	-	(28.52)
Payables	-	68.43	280.21	1211.43	1560.07
	-	(42.49)	(225.88)	(451.73)	(720.10)
Rent Deposit -receivable	-	23.20	-	58.53	81.73
	-	(23.20)	-	(58.53)	(81.73)
Dividend Payable	-	-	73.13	32.29	105.42
	-	-	(60.00)	(291.38)	(351.38)
Investments	6115.88	-	-	-	6115.88
	(6115.88)	-	-	-	(6115.88)

#### Disclosure in respect of material related party transactions during the year:

S. No	Particulars	Relationship	₹ In Lakhs	
			2016-17	2015-16
<b>1</b>	<b>Purchases</b>			
	<b>Goods and Services, net</b>			
	Pokarna Fabrics Pvt Limited	Associate	0.97	19.95
	Pokarna Fashions Pvt Limited	Associate	-	7.95
	Pokarna Marketing Pvt Limited	Associate	-	2.30
	Southend Extension	Associate	1.89	0.04
	Neha Jain	Relative	13.54	11.08
	<b>Fixed Asset</b>			
	Pokarna Engineered Stone Limited	Subsidiary	0.83	14.28
<b>2</b>	<b>Sales</b>			
	<b>Goods and Services, net</b>			
	Pokarna Engineered Stone Limited	Subsidiary	1.41	8.09
	Pokarna Fabrics Pvt Limited	Associate	-	0.34

# Notes to Standalone Financial Statements

## Disclosure in respect of material related party transactions during the year: (Contd...)

S. No	Particulars	Relationship	₹ In Lakhs	
			2016-17	2015-16
	Pokarna Fashions Pvt Limited	Associate	0.45	(108.12)
	Pokarna Marketing Pvt Limited	Associate	8.24	-
	Southend	Associate	-	0.47
	Southend Extension	Associate	2.52	(2.28)
	Pratik Jain	Relative	-	-
	Anju Jain	Relative	-	0.74
	Adam 'N' Eve	Associate	28.02	32.02
	<b>Job Work</b>			
	Pokarna Engineered Stone Limited	Subsidiary	6.07	-
	Southend Extension	Associate	-	0.27
	Neha Jain	Relative	1.84	1.77
3	<b>Expenses</b>			
	<b>Remuneration</b>			
	Gautam Chand Jain	Key Management Personnel	65.00	153.00
	Rahul Jain	Key Management Personnel	103.30	158.65
	Apurva Jain	Key Management Personnel	12.00	12.00
	<b>Sitting Fee &amp; Commission</b>			
	Prakash Chand Jain	Relative	4.40	5.80
	<b>Salary</b>			
	Nidhi Jain	Relative	-	4.50
	<b>Rent</b>			
	Pokarna Fabrics Pvt Limited	Associate	31.73	31.45
	Gautam Chand Jain	Key Management Personnel	5.69	4.71
	Prakash Chand Jain	Relative	13.94	12.89
	Gautam Chand Jain (HUF)	Relative	-	16.14
	Prakash Chand Jain (HUF)	Relative	-	16.79
	Vidya Jain	Relative	8.25	8.18
	Ritu Jain	Relative	13.55	5.63
	Pratik Jain	Relative	7.18	7.18
	<b>Interest</b>			
	Pokarna Fabrics Pvt Limited	Associate	-	219.43
	Pokarna Marketing Pvt Limited	Associate	-	0.75
	Gautam Chand Jain	Key Management Personnel	17.54	10.55
	Rahul Jain	Key Management Personnel	4.81	4.48
	Prakash Chand Jain	Relative	98.75	54.98
	<b>Dividend</b>			
	Gautam Chand Jain	Key Management Personnel	70.13	-
4	<b>Income</b>			
	<b>Interest</b>			
	Pokarna Engineered Stone Limited	Subsidiary	-	212.48
	<b>Interest on Debentures</b>			
	Pokarna Engineered Stone Limited	Subsidiary	-	64.74
5	<b>Other Receipts</b>			
	<b>Reimbursement of Expenses</b>			
	Pokarna Engineered Stone Limited	Subsidiary	-	15.36
6	<b>Loans &amp; Advances and Rent Deposit</b>			
	<b>Loans &amp; Advance taken</b>			
	Gautam Chand Jain	Key Management Personnel	90.00	-
	Prakash Chand Jain	Relative	660.00	-
	<b>Rent Deposit given</b>			
	Pokarna Fabrics Pvt Limited	Associate	-	1.92
	Prakash Chand Jain	Relative	-	8.33

# Notes to Standalone Financial Statements

## Disclosure in respect of material related party transactions during the year: (Contd...)

S. No	Particulars	Relationship	₹ In Lakhs	
			2016-17	2015-16
	Gautam Chand Jain (HUF)	Relative	-	16.44
	Prakash Chand Jain (HUF)	Relative	-	17.10
	Vidya Jain	Relative	-	8.33
	Pratik Jain	Relative	-	8.33
7	<b>Outstanding's</b>			
	<b>Receivables</b>			
	Adam 'N' Eve	Associate	-	28.52
	<b>Payables</b>			
	Pokarna Fabrics Pvt Limited	Associate	66.72	36.78
	Southend Extension	Associate	1.71	5.71
	Gautam Chand Jain	Key Management Personnel	216.97	131.00
	Rahul Jain	Key Management Personnel	62.49	90.81
	Apurva Jain	Key Management Personnel	0.75	4.07
	Prakash Chand Jain	Relative	1158.33	403.82
	Nidhi Jain	Relative	5.86	5.86
	Neha Jain	Relative	25.00	14.85
	Gautam Chand Jain (HUF)	Relative	-	7.39
	Prakash Chand Jain (HUF)	Relative	-	7.69
	Vidya Jain	Relative	7.53	3.75
	Ritu Jain	Relative	8.25	5.14
	Pratik Jain	Relative	6.46	3.23
	<b>Rent Deposit given</b>			
	Pokarna Fabrics Pvt Limited	Associate	23.20	23.20
	Prakash Chand Jain	Relative	8.33	8.33
	Gautam Chand Jain (HUF)	Relative	16.44	16.44
	Prakash Chand Jain (HUF)	Relative	17.10	17.10
	Vidya Jain	Relative	8.33	8.33
	Pratik Jain	Relative	8.33	8.33
	<b>Investments</b>			
	Pokarna Engineered Stone Limited	Subsidiary	6115.88	6115.88
	Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall Company basis at the end of each year and, accordingly, have not been considered in the above information.			

## 2.29 Disclosure required u/s.186(4) of the Companies Act, 2013

₹ In Lakhs		
Particulars of security/ guarantee	Name of the company	Purpose for which loan / guarantee is proposed to be utilised by recipient
Pledge of Equity Shares	Pokarna Engineered Stone Limited (wholly owned subsidiary)	Security by way of pledge of 51% Equity Shares to its lenders for availing credit facilities, outstanding credit facilities as on 31st March, 2017 ₹9971.90 lakhs (py. ₹12342.83 lakhs)

## 2.30 Earnings Per Share (EPS)

The numerators and denominators used to calculate Basic and Diluted Earnings per share

Particulars	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Basic and Diluted Earnings Per Share		
Numerator for Basic earnings per share:		
Profit attributable to the Equity Share Holders	1177.02	1724.81
Denominator for Basic earnings per share:		
Basic / Weighted Average number of shares	6200800	6200800
Basic Earnings Per Share (in ₹)	18.98	27.82

# Notes to Standalone Financial Statements

2.31 In accordance with AS-17 "Segment Reporting", segment information has been given in the consolidated financial statements of Pokarna Limited and therefore no separate disclosure on segment information is given in these financial statements.

## 2.32 Leases:

The company has operating leases for Office premises and retail outlets, that are

- (a) Renewable on a periodic basis and are cancellable by giving a notice period ranging from 1 month to 6 months and  
(b) Are non-cancellable for specified periods under arrangements. Rent escalation clauses vary from contract to contract.

Particulars	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Rent expenses included in Profit and Loss Account towards operating leases	270.69	342.09
Minimum Lease obligation under non-cancellable lease contracts amounts to:		
Within 1 year	177.55	226.18
After 1 year but before 5 years	875.19	904.71
After 5 years	-	-
<b>Total</b>	<b>1052.74</b>	<b>1130.89</b>

## 2.33

Particulars	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>a) Value of imports calculated on C.I.F basis in respect of:</b>		
Raw Material	149.98	552.73
Components and Spare parts	507.34	1298.07
Capital Items	399.09	1439.62
<b>b) Earnings in foreign currency</b>		
Revenue from Export Sales on FOB basis	10526.71	14012.87
<b>c) Expenditure in foreign currency</b>		
Travel & Conveyance	50.82	130.51
Business Promotion	22.73	228.36
Interest	161.98	145.58
Others	39.22	38.20

2.34 Previous year's figures have been regrouped, rearranged and reclassified, wherever considered necessary, in order to conform to the current year's presentation.

As per our report attached

For and on behalf of Board of Directors

For **S.Daga & Co.**  
Chartered Accountants  
(F.No: 000669S)

**Gautam Chand Jain**  
Chairman & Managing Director  
(D.No: 00004775)

**Meka Yugandhar**  
Independent Director  
(D.No: 00012265)

**Shantilal Daga**  
Partner  
Membership No. 11617

**Rahul Jain**  
Managing Director  
(D.No: 00576447)

**Apurva Jain**  
Executive Director  
(D.No: 06933924)

Place : Hyderabad  
Date : May 8, 2017

**M Viswanatha Reddy**  
Chief Financial Officer

**Paruchuru Vinay**  
Company Secretary

## Statement containing salient features of the financial statement of subsidiaries

1. Sl.No.	1	
2. Name of the Subsidiary Company	Pokarna Engineered Stone Limited	
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	No	
4. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian subsidiary - Not Applicable	
	<b>March 31, 2017</b>	<b>March 31, 2016</b>
5. Share Capital	417.06	417.06
6. Reserves & Surplus	9579.05	3786.24
7. Total Assets	32575.26	27309.47
8. Total Liabilities	32575.26	27309.47
9. Investments	Nil	Nil
10. Turnover	22137.02	20130.57
11. Profit Before Taxation	7100.98	3823.98
12. Provision for Taxation	1308.16	426.25
13. Profit After Taxation	5792.81	3397.73
14. Proposed Dividend	Nil	Nil
15. % of Shareholding	100%	100%

## Independent Auditors' Report

To  
The Members of  
Pokarna Limited

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Pokarna Limited ("hereinafter referred to as the Holding Company") and its subsidiary- Pokarna Engineered Stone Limited (together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

### Management's Responsibility to the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance

of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

## Consolidated Financial Statements

## Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2017 and their consolidated cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

7. As required by Section 143(3) of the Act, 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 of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and its subsidiary – Pokarna Engineered Stone Limited, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The consolidated financial statements disclosed the impact of pending litigations on the consolidated financial position of the Group (refer note.2.24) in the consolidated financial statements.
  - ii) The Group has made provision in the consolidated financial statements, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts. The Company neither entered into any derivative contract during the year nor have any outstanding derivative contract at the end of the year.
  - iii) There has been no delay in transferring amounts, as required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.
- h) The Group has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No.2.13.1 to the financial statements.

For **S Daga & Co.**  
Chartered Accountants  
(ICAI FRN: 000669S)

(**Shantilal Daga**)  
M. No. 011617  
Partner

Place: Hyderabad  
Date : 08.05.2017

# Annexure - A to Independent Auditors' Report

**Referred to in paragraph 8 (f) of the Independent Auditors' Report of even date to the members of Pokarna Limited on the Consolidated Financial Statements for the year ended March 31, 2017.**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Pokarna Limited (hereinafter referred to as "the Holding Company") and its subsidiary, which are companies incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

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

For **S Daga & Co.**  
Chartered Accountants  
(ICAI FRN: 000669S)

(**Shantilal Daga**)  
M. No. 011617  
Partner

Place: Hyderabad  
Date : 08.05.2017

## Consolidated Balance Sheet

		₹ In Lakhs	
	Notes	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	2.1	620.08	620.08
Reserves & Surplus	2.2	15804.70	9058.76
		<b>16424.78</b>	<b>9678.84</b>
<b>Non-Current Liabilities</b>			
Long-term Borrowings	2.3	18234.27	17915.11
Deferred Tax Liabilities (Net)	2.8	913.23	146.02
Long-term Provisions	2.5	322.02	1969.18
		<b>19469.52</b>	<b>20030.31</b>
<b>Current Liabilities</b>			
Short-term Borrowings	2.3	5272.46	6540.90
Trade Payables	2.6	2791.87	2426.40
Other Current Liabilities	2.4	6081.92	5716.64
Short-term Provisions	2.5	1419.75	2531.04
		<b>15566.00</b>	<b>17214.98</b>
<b>Total</b>		<b>51460.30</b>	<b>46924.13</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	2.7	26697.15	23877.63
Capital Work-In-Progress		282.54	2005.38
Deferred Tax Asset (Net)	2.8	-	417.51
Long-term Loans and Advances	2.9	4189.85	1569.55
Other Non-current Assets	2.10	199.52	274.23
		<b>31369.06</b>	<b>28144.30</b>
<b>Current Assets</b>			
Inventories	2.11	9759.93	8858.67
Trade Receivables	2.12	6652.07	7849.76
Cash and Bank Balances	2.13	2752.36	1318.16
Short-term Loans and Advances	2.9	894.86	718.97
Other Current Assets	2.10	32.02	34.27
		<b>20091.24</b>	<b>18779.83</b>
<b>Total</b>		<b>51460.30</b>	<b>46924.13</b>
Significant Accounting Policies	1		
Notes on Financial Statements	2		

The accompanying notes are an integral part of financial statements

As per our report attached

For and on behalf of Board of Directors

For **S.Daga & Co.**  
Chartered Accountants  
(FRN: 000669S)

**Gautam Chand Jain**  
Chairman & Managing Director  
(D.No: 00004775)

**Meka Yugandhar**  
Independent Director  
(D.No: 00012265)

**Shantilal Daga**  
Partner  
Membership No. 11617

**Rahul Jain**  
Managing Director  
(D.No: 00576447)

**Apurva Jain**  
Executive Director  
(D.No: 06933924)

Place : Hyderabad  
Date : May 8, 2017

**M Viswanatha Reddy**  
Chief Financial Officer

**Paruchuru Vinay**  
Company Secretary

## Consolidated Statement of Profit and Loss

		₹ In Lakhs	
	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>INCOME</b>			
<b>Revenue From Operations</b>			
Revenue from Operations (gross)	2.14	38029.91	39856.07
Less :Excise Duty / Customs Duty		349.89	462.35
Revenue from Operations (net)		37680.02	39393.72
Other Income	2.15	1018.23	576.56
<b>Total</b>		<b>38698.25</b>	<b>39970.28</b>
<b>EXPENSES</b>			
Cost of Raw Material and Components consumed	2.16	8986.50	8985.38
Purchase of Traded Goods	2.17	148.79	363.27
(Increase) / Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	2.18	(1143.91)	(203.67)
Employee Benefits Expense	2.19	3653.38	3705.04
Other Expenses	2.20	12846.14	13266.78
<b>Total</b>		<b>24490.90</b>	<b>26116.80</b>
<b>Earnings before Interest, Tax, Depreciation and Amortization</b>			
Depreciation and Amortization	2.21	2021.06	1827.01
Finance Costs	2.22	3293.18	3678.89
<b>Profit/(Loss) Before Extraordinary items &amp; Tax</b>		<b>8893.11</b>	<b>8347.58</b>
Exceptional Item -Expense	2.23	-	1751.95
<b>Profit / (Loss) Before Tax</b>		<b>8893.11</b>	<b>6595.63</b>
<b>Tax Expenses</b>			
Current Tax		2106.26	1620.59
Less: MAT credit entitlement		(1298.08)	(524.16)
Deferred Tax	2.27	1184.72	320.16
Prior year tax		(69.62)	58.18
<b>Total Tax Expenses</b>		<b>1923.28</b>	<b>1474.77</b>
<b>Profit After Tax</b>		<b>6969.83</b>	<b>5120.86</b>
Earnings Per Share - Basic & Diluted (in ₹)	2.30	112.40	82.58
(Par value of ₹10/- each)			
Significant Accounting Policies	1		
Notes on Financial Statements	2		

The accompanying notes are an integral part of financial statements

As per our report attached

For and on behalf of Board of Directors

For **S.Daga & Co.**  
Chartered Accountants  
(FRN: 000669S)

**Gautam Chand Jain**  
Chairman & Managing Director  
(D.No: 00004775)

**Meka Yugandhar**  
Independent Director  
(D.No: 00012265)

**Shantilal Daga**  
Partner  
Membership No. 11617

**Rahul Jain**  
Managing Director  
(D.No: 00576447)

**Apurva Jain**  
Executive Director  
(D.No: 06933924)

Place : Hyderabad  
Date : May 8, 2017

**M Viswanatha Reddy**  
Chief Financial Officer

**Paruchuru Vinay**  
Company Secretary

# Consolidated Cash Flow Statement

	₹ In Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax and Exceptional/ Extraordinary Items</b>	8893.11	<b>8347.58</b>
Depreciation and amortization expense	2021.06	1827.01
Loss/(profit) on sale of fixed assets	(6.64)	43.54
Unrealized foreign exchange (gain) / loss, net	(214.24)	18.17
Provision for Doubtful Debts	2.72	50.27
Provision for Warranties	193.53	172.78
Interest expense	3293.18	3678.89
Interest income	(91.57)	(69.83)
<b>Operating profit before working capital changes</b>	<b>14091.15</b>	<b>14068.41</b>
Changes in working capital and other provisions:		
Trade receivables	1153.46	(980.70)
Inventories	(901.26)	(1140.45)
Loans and advances and other assets	(1288.84)	(505.19)
Other Liabilities and provisions	426.01	327.55
<b>Cash generated from operations</b>	<b>13480.52</b>	<b>11769.62</b>
Income taxes paid, net	(2380.56)	(1219.47)
<b>Net cash provided by operating activities</b>	<b>11099.96</b>	<b>10550.15</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and changes in capital work in progress	(3157.81)	(3149.50)
Proceeds from sale of fixed assets	46.71	12.20
Interest income	91.57	69.83
<b>Net cash used in investing activities</b>	<b>(3019.53)</b>	<b>(3067.47)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank Borrowings	(2962.73)	(563.30)
Other Borrowings	342.39	(1297.38)
(Exceptional) / Extraordinary Items	-	(1751.95)
Interest expense	(3293.18)	(3678.89)
Dividend paid	(746.31)	(223.89)
<b>Net cash generated in financing activities</b>	<b>(6659.83)</b>	<b>(7515.41)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>1420.60</b>	<b>(32.73)</b>
Cash and cash equivalents at the beginning of the year	792.01	802.39
Effect of exchange gain on cash and cash equivalents	134.26	22.35
<b>Cash and cash equivalents at the end of the year</b>	<b>2346.87</b>	<b>792.01</b>
Significant Accounting Policies	1	
Notes on Financial Statements	2	

The accompanying notes are an integral part of financial statements

As per our report attached

For and on behalf of Board of Directors

For **S.Daga & Co.**  
Chartered Accountants  
(FRN: 000669S)

**Gautam Chand Jain**  
Chairman & Managing Director  
(D.No: 00004775)

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**Shantilal Daga**  
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**Rahul Jain**  
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(D.No: 00576447)

**Apurva Jain**  
Executive Director  
(D.No: 06933924)

Place : Hyderabad  
Date : May 8, 2017

**M Viswanatha Reddy**  
Chief Financial Officer

**Paruchuru Vinay**  
Company Secretary

# Notes to Consolidated Financial Statements

## 1. Significant Accounting Policies

### A. Basis of Preparation of Financial Statements

The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as that of the Parent Company i.e., year ended 31st March.

The financial statements are prepared under the historical cost convention on accrual basis to comply in all material aspects and in accordance with Indian Generally Accepted Accounting Principles (GAAP), which comprises of mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). The accounting policies have been consistently applied by the Company unless otherwise stated.

### Principles of Consolidation

The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealized profits.

The financial statements of the Parent Company and its subsidiary have been consolidated using uniform accounting policies.

### B. Other Significant Accounting Policies

#### a Use of Estimates

The preparation of financial statements requires 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. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. The examples of such estimates include, the useful life of tangible and intangible fixed assets, allowances for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Actual results may differ from the estimates and assumptions and in such case, the difference is recognised in the period in which the results are known.

#### b Revenue Recognition

- The company recognises revenues on the sale of products, net of discounts and sales incentives, when the products are dispatched / delivered to the customer/ dealer or when delivered to the

carrier for export sales, which is when risks and rewards of ownership pass to the customer /dealer.

- Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.
- Revenue from services is recognized as per the terms of the contracts with the customers when the services are performed.
- Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Dividend income is recognized when the company's right to receive dividend is established.
- Export entitlements under the duty remission scheme are recognized as income when the right to receive the credit as per the terms of the scheme is established in respect of the exports made.

#### c Recognition of Expenditure

Expenses are accounted for on an accrual basis and provision is made for all known losses and liabilities.

#### d Fixed Assets

- Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any.
- The cost of Fixed Asset comprises its purchase price, including non-refundable taxes & duties and directly attributable cost of bringing the asset (including leasehold improvements) to its working condition for its intended use. Subsequent upgradation / enhancements which results in an increase in the future benefits from such assets, beyond the previously assessed standard of performance, are also capitalised. Machinery spares which can be used only in connection with an item of tangible assets and whose use is not regular nature are written off over the estimated useful life of relevant assets.
- All costs, including borrowing costs till commencement of commercial production, attributable to fixed assets are capitalized.

#### e Intangible Assets and amortization

Intangible assets are stated at cost less accumulated amortization. Intangible assets are amortized on a straight line basis over their estimated useful life of 10 years.

# Notes to Consolidated Financial Statements

## f Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

## g Capital Work-in-Progress

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

## h Depreciation and amortization

### a. Owned assets:

- i). Depreciation on fixed assets is provided on straight line method, at the rates and in the manner prescribed in schedule II to the Companies Act, 2013.
- ii). Significant components of assets having a life shorter than the main asset, if any is depreciated over the shorter life.

### b. Leased Assets:

- i). Leasehold lands are amortised over the period of lease.
- ii). Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period is beyond the life of the building.
- iii). In other cases, buildings constructed on leasehold lands are amortized over the primary lease period of the lands.

Capital expenditure and improvements on lease hold property is amortized over the lease period or useful life of the asset, whichever is less.

## i Investments

Current investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are carried at lower of cost and quoted / fair value,

computed category wise. Long Term Investments are stated at cost. However, provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

## j Inventories

Inventories are valued at the lower of cost and net realizable value. Obsolete, slow moving and defective inventories are identified at the time of physical verification and necessary provision is made for such inventories. The cost is determined using the first-in-first out method for all categories of inventories. Cost includes in case of Raw materials, Stores & spares and consumables the purchase price and attributable direct cost less discounts. In case of Work-in-Progress and finished goods cost includes direct labour, material costs and production overheads.

## k Employee Benefits

### i). Short Term Employee Benefits: -

All employee benefits payable wholly within 12 months of rendering service are classified as short term employee benefit. Benefits such as Salaries, Wages, performance incentives, expected cost of bonus, exgratia are recognised during the period in which employee renders related service.

### ii). Post -employment Benefits:-

**Defined contribution plans:** Company's contribution paid / payable during the year to employees state insurance scheme, Provident Fund and Labour welfare fund are recognised during the period.

**Defined benefit plans:** For defined benefit schemes in the form of gratuity fund, provident fund and post retirement medical benefits, the cost of providing benefits is determined using the Project Unit Credit Method, with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discounting rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date, having maturity periods approximately to the terms of related obligations.

# Notes to Consolidated Financial Statements

Actuarial gains/losses are recognised in full in the statement of profit and loss, for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligations recognised in the balance sheet represents that present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of the scheme of assets

### iii). Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

### iv). Termination benefits:

Termination benefits are recognised as an expense in the period in which they are incurred.

## l Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are normally recorded on the initial recognition in the reported currency using the exchange rates prevailing on the date of transaction.
- ii) Monetary assets & liabilities denominated in foreign currencies are restated at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted in the period in which they arise.
- iii) Any income or expense on account of exchange difference either on settlement or on translation of monetary items are recognized in the Statement of Profit and Loss for the period in which they arise.
- iv) In respect of Forward Exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognized as income or expense along with the exchange differences on the underlying assets / liabilities. Further, in case of other contracts with committed exchange rates, the underlying is

accounted at the rate so committed. Profit or loss on cancellations / renewals of forward contracts is recognized during the year. In case of option contracts, the losses are accounted on mark to market basis.

## m Leases

A lease is classified at the inception date as finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. The Company as a lessee:

- i) **Operating lease** - Rentals payable under operating leases are charged to the statement of profit and loss on a straight line basis over the term of the relevant lease.
- ii) **Finance lease** - Finance leases are capitalised at the commencement of lease, at the lower of the fair value of the property or the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income over the period of the lease.

## n Borrowing Cost

Interest and other borrowing costs attributable to qualifying assets are capitalized. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over 12 months) to get ready for its intended use or sale. Other interest and borrowing costs are charged to statement of Profit & Loss.

## o Provisions, Contingent Liabilities, Contingent Assets and commitments

- i) **Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.
- ii) **Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which

# Notes to Consolidated Financial Statements

will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**iii) Contingent Assets:** Contingent Assets are neither recognised or disclosed in the financial statements.

**iv)** Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

## p Accounting for Taxes on Income

### i) Current Tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income-tax Act, 1961.

### ii) Deferred Tax

Deferred tax assets and liabilities are recognised by computing the tax effect on timing differences which arise during the year and reverse in the subsequent periods. The subsidiary is eligible for tax exemption available under section 10AA of the Income Tax Act, 1961, in respect of its unit in Special Economic Zone. In view of tax exemption available to the Company under Section 10AA of the Income Tax Act, 1961, deferred tax is recognised in respect of timing differences, which originate before or during the tax holiday period but reverse before or after the tax holiday period. Deferred tax assets against unabsorbed depreciation and carried forward loss under tax laws, are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets on other timing differences are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### iii) Minimum Alternate Tax

Minimum Alternate Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer

a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**iv)** Current and Deferred tax is measured based on the provisions of tax laws and tax rates enacted or substantively enacted as at the Balance Sheet date.

## q Cash and Bank Balances

**i)** Cash comprises cash on hand and demand deposits with banks

**ii)** Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## r Segment Accounting

### i) Segment accounting policies:

Segment accounting policies are in line with the accounting policies of the Company. The Company identifies primary business segment based on the different risks and returns, the organisation structure and the internal reporting systems. Secondary segments are identified on the basis of geography in which sales have been effected. In addition, the following specific accounting policies have been followed for segment reporting:

- 1) Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
- 2) Expenses that are directly identifiable with/ allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.
- 3) Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.
- 4) Segment result includes margins on inter-segment and sales which are reduced in arriving at the profit before tax of the Company
- 5) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

# Notes to Consolidated Financial Statements

## ii) Inter-segment transfer pricing:

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

## s Earning Per Share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

## 2. Notes to Financial Statements:

A. The Consolidated Financial Statements present the consolidated Accounts of holding company - Pokarna Limited with its wholly owned Indian subsidiary Pokarna Engineered Stone Limited.

B. Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.

## 2.1 Share Capital

	As at March 31, 2017	₹ In Lakhs As at March 31, 2016
<b>Authorized:</b>		
2,00,00,000 (2,00,00,000) Equity Shares of H10/- each	2000.00	2000.00
<b>Issued, Subscribed and Paid-up:</b>		
62,00,800 (62,00,800) Equity Shares of ₹10/- each fully paid-up	620.08	620.08
<b>Total</b>	<b>620.08</b>	<b>620.08</b>

## a Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	No. of Shares	No. of Shares
At the beginning of the period	6200800	6200800
Issued during the period	-	-
Outstanding at the end of the period	<b>6200800</b>	<b>6200800</b>

## Terms / rights attached to equity shares:

The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board at its meeting held on 8th May, 2017 approved, subject to the approval of shareholders the

subdivision of the equity shares of the face value of ₹10/- each into equity shares of face value of ₹2/- each.

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.

# Notes to Consolidated Financial Statements

## Details of shareholders holding more than 5% shares in the company

	As at March 31, 2017		As at March 31, 2016	
	No. of shares	% holding	No. of shares	% holding
<b>Equity shares of ₹10/- each fully paid</b>				
Gautam Chand Jain	2337409	37.70	500000	8.06
Prakash Chand Jain	-	-	500000	8.06
Ashok Chand Jain	-	-	625000	10.08
Raaj Kumar Jain	-	-	510150	8.23
Dilip Kumar Jain	500000	8.06	500000	8.06
Ashish Kacholia	465086	7.50	355315	5.73

## 2.2 Reserves and Surplus

	As at March 31, 2017		As at March 31, 2016	
				₹ In Lakhs
<b>Capital Subsidy</b>		15.00		15.00
<b>Securities Premium Account</b>		73.96		73.96
<b>General Reserve</b>				
Balance at the beginning of the Year	980.36		980.36	
Add: Transfer from Surplus	-	980.36	-	980.36
Debt Redemption Reserve				
Opening Balance	-		-	
Less: Transferred from Surplus	265.50	265.50	-	
<b>Surplus - Balance in Statement of Profit &amp; Loss</b>				
Opening Balance	7989.44		3614.89	
Add: Profit for the year	6969.83		5120.86	
	<b>14959.27</b>		<b>8735.75</b>	
Less: Transferred to Debt Redemption reserve				
Redemption reserve	265.50		-	
Less: Proposed Dividend	186.02		620.08	
Less: Tax on proposed Dividend	37.87		126.23	
		<b>14469.88</b>		<b>7989.44</b>
<b>Total</b>		<b>15804.70</b>		<b>9058.76</b>

## 2.3 Borrowings

	Non-current portion		Current maturities	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
				₹ In Lakhs
<b>A. Long-term Borrowings</b>				
<b>Secured</b>				
<b>Term Loans</b>				
Indian Rupee Loans from Banks	5339.88	7568.65	1711.78	1687.90
External Commercial Borrowing from Banks	1527.33	2343.59	763.67	781.27
Foreign Currency Loans from Banks	1683.02	-	280.50	-
<b>Finance Lease Obligations</b>				
Banks	86.36	134.52	107.33	74.99
Others	249.87	67.01	175.23	162.13

# Notes to Consolidated Financial Statements

	Non-current portion		Current maturities	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
				₹ In Lakhs
<b>Unsecured</b>				
Debentures	530.98	-	531.01	-
<b>Loans &amp; Advances from Related Parties</b>				
Loans from Directors	3979.08	3506.14	-	-
Inter Corporate Deposits	4837.75	4295.20	-	-
	<b>18234.27</b>	<b>17915.11</b>	<b>3569.52</b>	<b>2706.29</b>
Amount disclosed under the head "Other Current Liabilities" (Note.2.4)			(3569.52)	(2706.29)
<b>Total</b>	<b>18234.27</b>	<b>17915.11</b>	<b>-</b>	<b>-</b>
<b>B. Short-term Borrowings</b>				
<b>Secured</b>				
<b>From Banks</b>				
- Working Capital Loan	-	-	5272.46	6540.90
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5272.46</b>	<b>6540.90</b>

## Nature of Security and terms of repayment for secured borrowings:

**2.3.1** Term Loans of ₹2058.61 Lakhs & Working capital facilities of ₹2257.83 Lakhs from Union Bank of India are secured by hypothecation of first charge on all immovable and movable properties including machineries, current assets such as inventories, book debts and other receivables of the company, both present and future besides personal properties of some of the directors and guarantee of the Directors (other than independent directors).

**2.3.2** External Commercial Borrowings from Union Bank of India are secured by way of extension of charge on fixed assets of the company.

**2.3.3** Maturity profile of Term Loans from banks are as set out below:

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Rupee Term Loan</b>							
Rate of interest - 13.95%	95.09	-	-	-	-	-	-
<b>External Commercial Borrowings</b>							
Rate of interest Six months Libor plus 350 bps	763.67	763.67	763.66	-	-	-	-
<b>Foreign Currency Term Loans</b>							
Rate of interest Libor plus 625 bps	280.50	280.50	280.50	280.50	280.50	280.50	280.52

## Notes to Consolidated Financial Statements

**2.3.4** Term Loan of ₹6956.57 Lakhs & Working capital facilities of ₹3014.63 Lakhs from Union Bank of India, Bank of India & Indian Overseas Bank under consortium are secured by a first charge ranking pari-passu mortgage over leasehold interests under the Land Lease Agreement and Equitable mortgage of Buildings along with the Plant & Machinery including current assets such as inventories, book debts and other receivables both present and future of the subsidiary company besides personal guarantee of the Directors (other than independent directors). Further 51% of the shares held by Pokarna Limited in the subsidiary company are also pledged against the borrowing from the Banks.

Maturity profile of Term Loans from banks are as set out below:

Rate of Interest	2017-18	2018-19	2019-20	2020-21
1 yr MCLR plus 3.90% to 4.95%	1616.68	1645.55	1645.55	2048.79

### 2.3.5 Finance Lease Obligations:

Finance lease obligations are repayable in equated monthly instalments.

The assets acquired on finance lease mainly comprise, cars and equipment's. The lease has a primary period, which is fixed and non-cancellable. Finance leases are secured by hypothecation of respective assets purchased out of finance, and personal guarantee of some of the Directors (other than independent directors). The minimum lease rentals and the present value of minimum lease payments in respect of assets acquired under finance leases are as follows

	₹ In Lakhs			
	Minimum lease payments		Present value of minimum lease payments	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Due within one year	329.69	271.87	282.15	237.12
Due one to five years	365.31	218.45	336.64	201.53
<b>Total</b>	<b>695.00</b>	<b>490.32</b>	<b>618.79</b>	<b>438.65</b>
Less: Future finance charges	76.21	51.67		
Present value of minimum lease payable	618.79	438.65		

### 2.3.6 Debentures

CDR Empowered Group and the competent authorities of respective banks have approved the exit from CDR mechanism. Subsidiary company has made upfront payment of ₹158.95 lakhs in cash and Issued 1,59,300 (one lakh fifty nine thousand three hundred only) Debentures of the face value ₹1000/- each to Union Bank of India, Indian Overseas Bank and Bank of India as per the terms mentioned below:

- 1,59,300 (one lakh fifty nine thousand three hundred only) Unlisted Unrated Unsecured Redeemable Non-Convertible and Non-Transferrable Debentures of the face value ₹1000/- each
- Interest / coupon rate: 11% simple interest per annum w.e.f. 1st December, 2016
- Redeemable at par in three tranches i.e., on 31st March, 2017, 2018 and 2019.

Subsidiary Company has redeemed 53,101 debentures as on 31.3.2017.

Particulars	Opening Balance	Issued	Redeemed	Closing Balance
Debentures	-	1593.00	531.01	1061.99

## Notes to Consolidated Financial Statements

### 2.4 Other Liabilities

	As at March 31, 2017	As at March 31, 2016
<b>Other Current Liabilities</b>		
Advance from Customers	629.76	726.38
Creditors for Capital Expenditure	253.58	956.32
Current Maturities of Long Term Borrowings (refer note.2.3(A))	3569.52	2706.29
Interest accrued but not due on borrowings	214.95	104.56
Interest accrued and due on borrowings	10.95	-
Statutory Liabilities	140.49	155.27
Unpaid Dividend	33.88	28.49
Other Payables	1228.79	1039.33
<b>Total</b>	<b>6081.92</b>	<b>5716.64</b>

### 2.5 Provisions

	As at March 31, 2017	As at March 31, 2016
<b>A. Long-term Provisions</b>		
<b>Provision for Employee Benefits</b>		
for Gratuity	235.50	148.04
for Compensated absences	86.52	69.19
<b>Other Provisions</b>		
Recompense payable to Banks (refer notes 2.3.6)	-	1751.95
<b>Total</b>	<b>322.02</b>	<b>1969.18</b>

	As at March 31, 2017	As at March 31, 2016
<b>B. Short-term Provisions</b>		
for Gratuity	19.13	44.24
for Compensated absences	6.07	68.24
for Warranties (refer notes 2.5.1)	126.11	283.78
for Income Tax	1044.55	1388.47
for Proposed Dividend	186.02	620.08
for tax on Proposed Dividend	37.87	126.23
<b>Total</b>	<b>1419.75</b>	<b>2531.04</b>

#### 2.5.1

Particulars	Opening Balance	Provision recognized	Provision utilized	Closing Balance
Provision for warranty	283.78	193.53	351.20	126.11
Product warranties: The subsidiary company gives warranties on its products in the nature of repairs / replacement, which fail to perform satisfactorily during warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of rectification / replacement. The timing of outflows is expected to be within a period of 1- 2 years.				



# Notes to Consolidated Financial Statements

## 2.7 Capital Work-in-Progress includes:

	₹ In Lakhs	
	2016-17	2015-16
<b>Opening Balance</b>	-	-
Add: Expenditure Incurred		
Professional & Consultancy charges	4.60	-
<b>Foreign Exchange fluctuation on Restatement</b>	88.91	-
Bank Charges	0.23	-
<b>Closing Balance</b>	93.74	-

## 2.8

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>A. Deferred Tax Liabilities (Net)</b>		
<b>Deferred Tax Liabilities</b>		
Depreciation	1586.94	271.61
	<b>1586.94</b>	<b>271.61</b>
<b>Deferred Tax Asset</b>		
Provision for Doubtful Debts	57.85	32.04
Others	615.86	93.55
	<b>673.71</b>	<b>125.59</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>913.23</b>	<b>146.02</b>

## B. Deferred Tax Asset (Net)

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>Deferred Tax Asset</b>		
Carryover Losses	-	780.81
Provision for Doubtful Debts	-	24.86
Others	-	678.64
	<b>-</b>	<b>1484.31</b>
<b>Deferred Tax Liabilities</b>		
Depreciation	-	1066.80
	<b>-</b>	<b>1066.80</b>
<b>Deferred Tax Asset (Net)</b>	<b>-</b>	<b>417.51</b>

## 2.9 Loans & Advances

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>A. Long-term Loans and Advances</b>		
Unsecured, considered good		
Capital Advances	1560.20	337.81
Security Deposit	580.40	488.42
MAT Credit entitlement	1822.24	524.16
Other Advances	227.01	219.16
<b>Total</b>	<b>4189.85</b>	<b>1569.55</b>

# Notes to Consolidated Financial Statements

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>B. Short-Term Loans and Advances</b>		
Unsecured, considered good		
Cenvat Credit Receivable	19.75	32.15
Advance for Material	201.51	96.53
Advance Income Tax	7.90	7.90
Prepaid Expenses	261.04	252.21
Loans to Employees	0.10	0.68
Other Advances	404.56	329.50
<b>Total</b>	<b>894.86</b>	<b>718.97</b>

## 2.10 Other Assets

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>A. Other Non-Current Assets</b>		
Non-current Bank Balances		
Deposits with maturity for more than 12 months		
Margin Money deposits	199.20	266.51
Interest accrued on fixed deposits	0.32	7.72
<b>Total</b>	<b>199.52</b>	<b>274.23</b>
<b>B. Other Current Assets</b>		
Interest accrued on fixed deposits	32.02	34.27
<b>Total</b>	<b>32.02</b>	<b>34.27</b>

## 2.11 Inventories

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
Raw Material (includes in transit ₹25.16 Lakhs (p.y. ₹32.75 Lakhs))	1306.94	1524.69
Work-in-progress	1437.46	611.94
Finished Goods	5225.23	4905.24
Traded Goods	76.53	78.13
Consumables, Stores & Spares (incl. in transit ₹3.90 Lakhs (p.y. ₹3.45 Lakhs))	1619.38	1600.66
Packing Material (incl. in transit ₹0.38 Lakhs (p.y. ₹ Nil Lakhs))	94.39	138.01
<b>Total</b>	<b>9759.93</b>	<b>8858.67</b>

## 2.12 Trade Receivables

	₹ In Lakhs	
	As at March 31, 2017	As at March 31, 2016
<b>Unsecured</b>		
<b>Outstanding for a period exceeding six months</b>		
Considered good	367.70	444.21
Doubtful	147.54	326.44
<b>Other Receivables</b>		
Considered good	6284.36	7243.54
Doubtful	19.62	-
	<b>6819.22</b>	<b>8014.19</b>
Provision for doubtful receivables	167.15	164.43
<b>Total</b>	<b>6652.07</b>	<b>7849.76</b>

## Notes to Consolidated Financial Statements

### 2.12.1 Trade Receivables include:

	As at March 31, 2017	As at March 31, 2016
Debts due from company/ firm in which company's directors are directors / partners - Adam 'N' Eve	-	28.52

### 2.12.2 Provisions

Particulars	Carrying amount as at April 1, 2016	Additional Provisional made during the year	Amount written off during the year	Amount reversed during the year	₹ In Lakhs
					Unused as at March 31, 2017
Provision for Doubtful Debts	164.43	43.18	-	40.46	167.15

### 2.13 Cash and Bank Balances

	Non-current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
	<b>Cash and Cash Equivalents</b>			
Balances with Banks			818.31	540.81
Deposits - Margin Money with maturity less than three months			1491.62	219.59
In unpaid Dividend Account			33.88	28.49
Cash in Hand			3.06	3.12
			<b>2346.87</b>	<b>792.01</b>
<b>Other Bank Balances</b>				
Deposits - Margin Money with maturity for more than 3 months but less than 12 months			405.49	526.15
with maturity for more than 12 months	199.20	266.51		
Amount disclosed under the head "Other Non-current Assets" (Note.2.10(A))	(199.20)	(266.51)		
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2752.36</b>	<b>1318.16</b>

### 2.13.1 Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016:

	Specified Bank Notes SBNs		Other denomination notes	₹ In Lakhs
				Total
Closing cash in hand as on 08.11.2016		2.02	3.29	5.31
(+) Permitted receipts		-	29.17	29.17
(-) Permitted payments		-	20.54	20.54
(-) Amount deposited in Banks		2.02	9.04	11.06
Closing cash in hand as on 30.12.2016		-	2.88	2.88

## Notes to Consolidated Financial Statements

### 2.14 Revenue from Operations

	Year ended March 31, 2017	Year ended March 31, 2016
<b>Sale of Products</b>		
Finished Goods	37399.85	39178.26
Traded Goods	271.18	670.95
	<b>37671.03</b>	<b>39849.21</b>
Sale of Services	358.88	6.86
Revenue from Operations (Gross)	<b>38029.91</b>	<b>39856.07</b>
<b>Details of Products Sold</b>		
<b>Finished Goods</b>		
Finished Granite	6689.83	9892.92
Raw Granite	8051.92	8178.82
Apparel	782.38	715.43
Quartz Surfaces	21875.72	20391.09
	<b>37399.85</b>	<b>39178.26</b>
<b>Traded Goods</b>		
Finished Granite	42.17	268.24
Raw Granite	69.52	261.25
Apparel	21.55	17.41
Fabric	137.94	124.05
	<b>271.18</b>	<b>670.95</b>
<b>Total</b>	<b>37671.03</b>	<b>39849.21</b>
<b>Details of Services Rendered</b>		
Job work Charges	358.88	6.86
<b>Total</b>	<b>358.88</b>	<b>6.86</b>

### 2.15 Other Income

	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on		
Bank Deposits	74.82	55.73
Others	16.76	14.10
Commission Income	17.32	13.10
Scrap Sales	68.13	38.55
Foreign Exchange Gain	579.09	341.70
Miscellaneous Income	-	5.46
Provision for doubtful debts written back	40.45	28.27
Sundry Credit balances written back	89.17	-
Insurance claim	39.45	-
Profit on Sale of Asset	6.64	-
Hire Charges Received	86.40	79.65
<b>Total</b>	<b>1018.23</b>	<b>576.56</b>

## Notes to Consolidated Financial Statements

### 2.16 Cost of Raw Material and Components consumed

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>Opening Stock</b>	1551.58	1270.48
Add: Purchases	8768.80	9266.48
	<b>10320.38</b>	<b>10536.96</b>
Less: Closing Stock	1333.88	1551.58
<b>Total</b>	<b>8986.50</b>	<b>8985.38</b>
<b>Details of Raw Material and Components consumed</b>		
Raw Granite	1236.72	2156.92
Fabric	145.09	249.67
Quartz etc.,	7586.52	6545.78
Consumables	18.17	33.01
<b>Total</b>	<b>8986.50</b>	<b>8985.38</b>
<b>Details of Inventory</b>		
Raw Granite	436.90	461.05
Fabric	178.39	244.30
Quartz etc.,	691.65	819.33
Consumables	26.94	26.90
<b>Total</b>	<b>1333.88</b>	<b>1551.58</b>

#### 2.16.1 Details of imported and indigenous raw materials, consumables, stores & spares consumed during the year:

Class of Goods		₹ In Lakhs			
		Year ended March 31, 2017		Year ended March 31, 2016	
		Value	%	Value	%
Raw Material	Imported	837.05	8.71	1024.57	10.52
	Indigenous*	8776.03	91.29	8713.55	89.48
	<b>Total</b>	<b>9613.08</b>	<b>100.00</b>	<b>9738.12</b>	<b>100.00</b>
Consumables, Stores & Spares	Imported	1725.84	53.56	2233.43	58.41
	Indigenous	1496.51	46.44	1590.54	41.59
	<b>Total</b>	<b>3222.35</b>	<b>100.00</b>	<b>3823.97</b>	<b>100.00</b>

\* Including inter unit transfer of 2758.25 CBM of ₹626.58 Lakhs (previous year 4790 CBM of ₹752.74 Lakhs)

### 2.17 Details of Purchase of Traded Goods

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Finished Granite	23.82	180.55
Raw Granite	38.17	107.88
Apparel	20.48	24.81
Fabric	66.32	50.03
<b>Total</b>	<b>148.79</b>	<b>363.27</b>

## Notes to Consolidated Financial Statements

### 2.18 (Increase) / Decrease in Inventories

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>Opening Stock</b>		
Finished Goods	4440.47	4000.23
Work-in-Progress	611.94	903.45
Raw Granite	464.77	452.50
Traded Goods	78.13	35.46
	<b>5595.31</b>	<b>5391.64</b>
<b>Less: Closing Stock</b>		
Finished Goods	4835.51	4440.47
Work-in-Progress	1437.46	611.94
Raw Granite	389.72	464.77
Traded Goods	76.53	78.13
	<b>6739.22</b>	<b>5595.31</b>
<b>Total</b>	<b>(1143.91)</b>	<b>(203.67)</b>
<b>Details of Inventory</b>		
<b>Traded Goods</b>		
Raw Granite	-	5.39
Apparel	39.54	41.11
Fabric	36.99	31.63
<b>Total</b>	<b>76.53</b>	<b>78.13</b>
<b>Work-In-Progress</b>		
Finished Granite	59.71	74.59
Apparel	18.85	31.41
Quartz Surfaces	1358.90	505.94
<b>Total</b>	<b>1437.46</b>	<b>611.94</b>
<b>Finished Goods</b>		
Finished Granite	1298.32	1427.88
Raw Granite	389.72	464.77
Apparel	307.90	424.10
Quartz Surfaces	3229.29	2588.49
<b>Total</b>	<b>5225.23</b>	<b>4905.24</b>

### 2.19 Employee Benefits Expense

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, Wages, Bonus & Allowances	3111.25	3156.60
Contribution to Provident Fund and Other Funds	204.17	174.64
Retirement Benefits	79.76	147.89
Staff Welfare Expense	258.20	225.91
<b>Total</b>	<b>3653.38</b>	<b>3705.04</b>

#### 2.19.1 Employee Benefits:

Particulars	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>Defined Contribution Plan</b>		
Employer's contribution to Provident Fund	181.00	156.92

# Notes to Consolidated Financial Statements

## 2.19.1 Employee Benefits: (Contd...)

### Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust ( Life Insurance Corporation of India for Granite Division of the company) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Compensated Absence is recognized in the same manner as gratuity.

Particulars	₹ In Lakhs			
	Gratuity (Funded)		Compensated Absence (Unfunded)	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
<b>a. Reconciliation of opening and closing balances of the present value of the Projected Benefit Obligation</b>				
Projected Benefit Obligation at Beginning of year	409.44	290.11	77.51	49.92
Current service cost	62.89	45.02	58.65	46.17
Past Service Cost	-	-	-	-
Interest cost	29.83	22.07	5.54	3.65
Actuarial(Gain)/Loss	(6.49)	64.33	(42.54)	(16.40)
Benefits paid	(19.15)	(12.09)	(6.56)	(5.83)
Projected Benefit Obligation at year end	476.52	409.44	92.60	77.51
<b>b. Reconciliation of opening and closing balances of Fair Value of plan assets</b>				
Fair value of Plan asset at beginning of year	217.17	201.21	-	-
Adjustment of opening balance	-	-	-	-
Expected return on Plan Assets	16.49	17.08	-	-
Actuarial(Gain)/Loss	0.88	(0.13)	-	-
Employer Contribution	6.51	11.10	6.56	5.83
Benefits Paid	(19.15)	(12.09)	(6.56)	(5.83)
Fair value of Plan asset at year end	221.90	217.17	-	-
<b>c. Reconciliation of fair value of assets and Obligation</b>				
Fair value of Plan assets	221.90	217.17	-	-
Present value of Projected Benefit obligation	476.53	409.44	92.60	77.51
Amount recognized in Balance Sheet	(254.63)	(192.27)	(92.60)	(77.51)
<b>d. Expenses recognized during the year Under the head "Personnel Costs".</b>				
Current service cost	62.89	45.02	58.65	46.17
Interest cost	29.83	22.07	5.54	3.65
Past Service Cost	-	-	-	-
Expected return on Plan Assets	(16.49)	(17.08)	-	-
Actuarial(Gain)/Loss	(7.36)	64.46	(42.54)	(16.40)
Income(-)/Expenses(+) recognized in the statement of Profit & Loss	68.87	114.47	21.65	33.42
<b>e. Actuarial Assumptions</b>				
	2006-08	2006-08	2006-08	2006-08
Mortality Table (L.I.C)	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount rate (per annum)	6.69%	7.46%	6.69%	7.46%
Rate of escalation in salary (per annum)	8.00%	8.00%	8.00%	8.00%
Attrition Rate	0-5 - 10%	1 -17 - 10 %	0-5 - 10%	1 -17 - 10 %
	5-10 - 5%	17 -40 - 0%	5-10 - 5%	17 -40 - 0%
	10 - 40 - 2%	---	10 - 40 - 2%	---
Expected return on Plan assets – LIC	8.25%	7.82%	--	--
<b>f) The estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.</b>				
<b>g) The company expects to contribute ₹20.00 Lakhs to its Gratuity plan for the next year.</b>				

# Notes to Consolidated Financial Statements

## 2.20 Other Expenses

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Consumption of Stores & Spares	3222.35	3823.97
Processing & Job work expenses	554.78	239.11
Power and Fuel	2179.02	2210.72
Repairs and Maintenance:-		
- Plant and Machinery	178.82	285.07
- Building	83.59	145.53
- Others	60.50	62.44
Cutter and Driller Charges	479.93	504.81
Royalty on Quarry Land	21.64	24.55
Rent	338.63	368.19
Rates and Taxes	49.19	54.68
Insurance	179.29	176.97
Communication Charges	62.30	63.43
Printing & Stationery	39.10	31.40
Travelling & Conveyance Expenses	192.66	217.39
Electricity Charges	57.24	70.50
Vehicle Maintenance	132.98	122.64
Auditors Remuneration	23.30	15.75
Advertisement	21.83	143.93
Legal and Professional Charges	319.52	248.19
Directors Sitting Fees	14.11	9.92
Commission to Non-Executive Directors	18.00	30.00
Donations	4.45	12.75
Corporate Social Responsibility Activity Expenses	28.30	9.63
Fees & Subscriptions	42.76	13.57
Government Royalty and Dead Rent	1158.26	991.63
Carriage Outwards	1521.24	1383.50
Sales Commission	34.60	69.38
Discounts and Claims	185.64	184.53
Business Promotion Expenses	490.64	612.07
Packing Material	437.12	476.60
Provision for Doubtful Debts	43.18	78.54
Bad Debts written off	184.84	-
Provision for Warranties	193.53	172.78
Excise Duty-Others	(3.08)	10.05
Sales Tax	84.29	117.63
Bank Charges	123.23	164.37
Foreign Exchange Loss	-	19.81
Impairment / Loss on sale of assets	36.05	43.54
Miscellaneous Expenses	52.31	57.21
<b>Total</b>	<b>12846.14</b>	<b>13266.78</b>

# Notes to Consolidated Financial Statements

## 2.20.1 Auditors Remuneration

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Statutory Audit	15.00	9.00
Tax Audit	2.50	2.00
Certification	4.69	3.90
Out of Pocket expenses	0.31	0.40
Service tax	0.80	0.45

## 2.21 Depreciation & Amortization

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation on tangible assets	2021.06	1827.01
<b>Total</b>	<b>2021.06</b>	<b>1827.01</b>

## 2.22 Finance Costs

	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Interest on Borrowings:		
- Banks	1975.03	2010.32
- Others	1130.72	1484.76
Interest on Taxes / Duties	129.34	183.81
Interest on Debentures	58.09	-
<b>Total</b>	<b>3293.18</b>	<b>3678.89</b>

Note: Interest Expenses are net of interest capitalised of ₹103.32 lakhs (Previous year ₹ Nil Lakhs)

## 2.23 Exceptional Item - Expense

Subsidiary company has opted to exit from the CDR mechanism during the previous year and agreed to pay recompense amount of ₹1751.95 Lakhs to the respective banks, which has been provided for in the books and disclosed separately as an Exceptional Item - expense, in the financial statements for the year 2015-16.

## 2.24

	₹ In Lakhs	
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>1. Contingent Liabilities not provided for</b>		
a. Letter of Credits outstanding	418.89	275.96
b. Bank Guarantee	11.61	-
c. Claims against the company / disputed liabilities not acknowledged as debts:		
i. Income tax matters, pending decisions on various appeals made by the company and by the Department. Amount deposited ₹ Nil Lakhs (previous year ₹ Nil Lakhs)	204.22	35.53
ii. Excise matters (including service tax). Amount deposited ₹5.57 Lakhs (previous year ₹5.57 Lakhs)	318.73	231.50
iii. Customs matters, Amount deposited ₹ Nil Lakhs (previous year ₹ Nil Lakhs)	75.91	75.91
iv. Sales tax matters, Amount deposited ₹2.69 Lakhs (previous year ₹2.69 Lakhs)	37.73	54.19

# Notes to Consolidated Financial Statements

## 2.24 (Contd...)

	₹ In Lakhs	
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
v. Mines & Geology matters, amount deposited ₹8.17 Lakhs (previous year ₹ Nil Lakhs)	231.94	321.05
vi. Cross subsidy charges payable to Central Power Distribution Company	52.53	52.53
vii. Fuel Surcharge adjustment (FSA) claim to the extent billed by Power distribution Companies of TG	5.29	6.14
viii. In view of the amendment in The Payment of Bonus Act, 1965 notified on 1 January 2016, which was effective retrospectively from 1st April, 2014, the company on the legal advice has decided not to consider it on account of the interim order dated 26th April, 2016 of Hon'ble Andhra Pradesh High Court allowing stay on the amendment with retrospective effect till the time its constitutional validity is established.	72.03	72.03
ix. Other Matters disputed	143.72	143.72
x. The recompense amount payable in lieu of lenders sacrifice, under CDR proposal, as computed by the management.	-	-

### Other Commitments:

- xi. Granite processing units of the parent company situated at Aliabad and Toopronpet village are registered as a 100% export oriented units ("EOU"), and are exempted from Customs and Central Excise duties and levies on imported & indigenous capital goods and stores & spares. The Company has executed a Bond Cum Legal Undertaking to pay Customs duty, Central Excise duty, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores & spares, consumed duty free, in the event that certain terms and conditions are not fulfilled. As on 31st March, 2017, the Company has a positive Net Foreign Exchange Earning, as defined in the Foreign Trade Policy 2009-2014 and 2015-2020 wherever applicable.
- xii. The Visakhapatnam unit of the subsidiary company is registered as SEZ Unit and is exempted from Customs, Central Excise and certain duties and levies on imported and indigenous capital goods and raw materials and stores & spares. The Company has executed a legal undertaking for obligations regarding proper utilization and account of goods, including capital goods, stores & spares, raw materials, components and consumables including fuels, imported or procured duty free and regarding achievement of positive net foreign exchange earning. As on 31st March, 2017, the Company has a positive Net Foreign Exchange Earning, as defined in the SEZ Act, 2005.
- xiii. The company is also involved in other lawsuits, claims, investigations and proceedings, including trade mark and commercial matters, which arise in the ordinary course of business. However, there are no material claims on such cases.

## 2. Capital Commitments

Estimated Amount of contracts remaining to be executed on Capital Account not provided for	<b>15311.44</b>	<b>1210.84</b>
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## 2.25 Business Restructuring

The Board of Directors ("Board") has identified Granite and Quartz Surfaces as Company's core business ("Stone Business"). In order to focus its efforts and resources towards growing Stone Business, the Board in their meeting held on 10th February, 2017, had constituted a committee comprising of independent directors ("Independent Committee") to explore and evaluate various restructuring options available for Apparel division of the company ("Apparel Business") including selling, leasing, exchanging, transferring, hiving off or otherwise disposing off. Upon completion of evaluation of the possible restructuring options, the Independent Committee submitted its recommendations to the Audit Committee on 8th May, 2017 and the Audit Committee submitted its recommendations to the Board on 8th May, 2017. The Board, considering the recommendations of the Independent Committee and the Audit Committee, on 8th May, 2017 in principle, approved the transfer and sale of Apparel Business on a going concern basis. In the opinion of the Board, all assets of Apparel Business are realizable in the ordinary course of business at the value at which they are stated in the Financial Statements. The transfer and sale of Apparel Business is subject to finding the buyer / investor and receipt of acceptable offer and is also subject to such other requisite approvals, consents and clearance from the Company's Bankers, Company's Shareholders and other Institutions or bodies and statutory authorities if and wherever necessary, and as may be required. Pending consummation of such transfer and sale, the operations at Apparel Business shall continue in the ordinary course of business. Since the 'initial disclosure event' as provided under the Accounting Standard 24 ("AS 24") has neither occurred during the year under review nor before the approval of financial statements by the Board, the disclosure as provided under AS 24 has not been made. Certain financial information with respect to the Stone and Apparel Business is given below:

## Notes to Consolidated Financial Statements

### 2.25 Business Restructuring (Contd...)

Particulars	Stone Business		Apparel Business		Total	
	Year ended					
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Revenue from operations	36735.59	38531.31	951.91	870.50	37680.02	39393.72
EBIDTA	14559.99	14639.55	(352.64)	(507.17)	14207.35	13853.48
Profit After Tax	7669.54	6299.01	(699.70)	(1176.47)	6969.83	5120.86

The carrying amount of total assets and liabilities of Apparel Business are as follows:

Particulars	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Total Assets	2892.24	3308.64
Total Liabilities	1305.45	1430.61

\* Stone Business includes Quartz surfaces business. Quartz surfaces business is carried out by Pokarna Engineered Stone Limited.

### 2.26 Financial and Derivative Instruments

Particulars	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Foreign currency exposure that are not hedged by derivative or forward contracts as on 31st March	11897.51	9855.09

### 2.27 Deferred Tax

Particulars	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>Deferred Tax Asset</b>		
Others	-	734.46
Provision for Debtors	0.95	18.11
<b>Total</b>	<b>0.95</b>	<b>752.57</b>
<b>Deferred Tax Liability</b>		
Depreciation	248.54	190.57
Carryover Losses	780.81	882.16
Others	156.32	-
<b>Total</b>	<b>1185.67</b>	<b>1072.73</b>
<b>Net Deferred Tax Liability / (Asset)</b>	<b>1184.72</b>	<b>320.16</b>

## Notes to Consolidated Financial Statements

### 2.28 Related Party Disclosures :

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

#### (i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

- Names of the Associates:  
Pokarna Fabrics Pvt Limited, Pokarna Fashions Pvt Limited, Pokarna Marketing Pvt Limited, Southend, Southend Extension
- Enterprises over which key Managerial Personnel are able to exercise significant influence  
Adam 'N' Eve
- Names of Key Management Personnel  
Gautam Chand Jain, Rahul Jain, Apurva Jain
- Names of Relatives  
Prakash Chand Jain, Ashok Chand Jain, Raaj Kumar Jain, Vidya Jain, Rekha Jain, Anju Jain, Ritu Jain, Chaya Jain, Pratik Jain, Neha Jain, Nidhi Jain, Gautam Chand Jain (HUF), Prakash Chand Jain (HUF), Ashok Chand Jain (HUF)

#### (ii) Transactions during the year with related parties :

Nature of the Transaction	₹ In Lakhs			
	Associates/ other related parties	Key Management Personnel	Relatives	Total
<b>Purchases</b>				
Goods and Services, net	3.43 (30.47)	-	13.54 (11.08)	16.97 (41.55)
<b>Sales</b>				
Goods and Services, net	39.23 (-75.57)	-	-	39.23 (-74.83)
Job Work	- (0.27)	-	1.84 (1.77)	1.84 (2.04)
<b>Expenses</b>				
Remuneration	-	257.02 (323.65)	-	257.02 (323.65)
Sitting fee & Commission	-	-	5.10 (6.20)	5.10 (6.20)
Salaries	-	-	-	-
Rent	31.73 (31.45)	5.69 (4.71)	111.00 (92.92)	148.42 (129.08)
Interest	602.84 (812.29)	329.57 (331.73)	168.06 (163.69)	1100.47 (1307.71)
<b>Dividend</b>				
Dividend	-	73.13 (60.00)	32.29 (291.38)	105.42 (351.38)
<b>Loans &amp; Advances and Rent Deposit</b>				
Loan Received	-	90.00	760.00	850.00
Rent Deposit given	- (1.92)	-	63.87 (58.53)	- (60.45)

# Notes to Consolidated Financial Statements

## (ii) Transactions during the year with related parties : (Contd...)

Nature of the Transaction	Associates/ other related parties	Key Management Personnel	Relatives	₹ In Lakhs
				Total
<b>Outstanding's</b>				
Receivables	-	-	-	-
	(28.52)	-	-	(28.52)
Payables	<b>4906.19</b>	<b>2735.30</b>	<b>1399.85</b>	<b>9041.34</b>
	(4337.70)	(2473.31)	(1208.86)	(8019.87)
Dividend Payable	-	<b>73.13</b>	<b>32.29</b>	<b>105.42</b>
	-	(60.00)	(291.38)	(351.38)
Rent Deposit -receivable	<b>23.20</b>	-	<b>139.68</b>	<b>162.88</b>
	(23.20)	-	(75.82)	(99.02)

## Disclosure in respect of material related party transactions during the year:

S. No	Particulars	Relationship	₹ In Lakhs	
			2016-17	2015-16
<b>1</b>	<b>Purchases</b>			
	<b>Goods &amp; Services, net</b>			
	Pokarna Fabrics Pvt Limited	Associate	1.54	20.18
	Pokarna Marketing Pvt Limited	Associate	-	2.30
	Pokarna Fashions Pvt Limited	Associate	-	7.95
	Southend Extension	Associate	1.89	0.04
	Neha Jain	Relative	13.54	11.08
<b>2</b>	<b>Sales</b>			
	<b>Goods &amp; Services, net</b>			
	Pokarna Fashions Pvt Limited	Associate	0.45	(106.12)
	Pokarna Fabrics Pvt Limited	Associate	8.24	0.34
	Southend	Associate	0.00	0.47
	Southend Extension	Associate	2.52	(2.28)
	Anju Jain	Relative	-	0.74
	Adam 'N' Eve	Associate	28.02	32.02
	<b>Job Work</b>			
	Southend Extension	Associate	-	0.27
	Neha Jain	Relative	1.84	1.77
<b>3</b>	<b>Expenses</b>			
	<b>Remuneration</b>			
	Gautam Chand Jain	Key Management Personnel	141.72	153.00
	Rahul Jain	Key Management Personnel	103.30	158.65
	Apurva Jain	Key Management Personnel	12.00	12.00
	<b>Sitting Fee &amp; Commission</b>			
	Prakash Chand Jain	Relative	5.10	6.20
	<b>Salary</b>			
	Nidhi Jain	Relative	-	4.50
	<b>Rent</b>			
	Pokarna Fabrics Pvt Limited	Associate	31.73	31.45
	Gautam Chand Jain	Key Management Personnel	5.69	4.71
	Prakash Chand Jain	Relative	13.94	12.89
	Gautam Chand Jain (HUF)	Relative	16.29	16.14
	Prakash Chand Jain (HUF)	Relative	16.94	16.79
	Vidya Jain	Relative	8.25	8.18
	Ritu Jain	Relative	13.55	5.63
	Pratik Jain	Relative	7.18	7.18
	Rekha Jain	Relative	16.13	15.99

# Notes to Consolidated Financial Statements

## Disclosure in respect of material related party transactions during the year: (Contd...)

S. No	Particulars	Relationship	₹ In Lakhs	
			2016-17	2015-16
	Ashok Chand Jain (HUF)	Relative	13.03	5.41
	Anju Jain	Relative	5.69	4.71
	<b>Interest</b>			
	Pokarna Fabrics Pvt Limited	Associate	120.71	693.18
	Pokarna Marketing Pvt Limited	Associate	482.13	119.12
	Gautam Chand Jain	Key Management Personnel	201.57	204.09
	Rahul Jain	Key Management Personnel	128.00	127.63
	Prakash Chand Jain	Relative	168.06	163.69
	<b>Dividend</b>			
	Gautam Chand Jain	Key Management Personnel	70.13	-
<b>4</b>	<b>Loans &amp; Advances and Rent Deposit</b>			
	<b>Loan Received</b>			
	Gautam Chand Jain	Key Management Personnel	90.00	-
	Prakash Chand Jain	Relative	760.00	-
	<b>Rent Deposit given</b>			
	Pokarna Fabrics Pvt Limited	Associate	-	1.92
	Prakash Chand Jain	Relative	-	8.33
	Gautam Chand Jain (HUF)	Relative	16.44	16.44
	Prakash Chand Jain (HUF)	Relative	17.10	17.10
	Vidya Jain	Relative	-	8.33
	Rekha Jain	Relative	14.04	-
	Anju Jain	Relative	4.95	-
	Ashok Chand Jain & Sons	Relative	11.34	-
	Pratik Jain	Relative	-	8.33
<b>7</b>	<b>Outstanding's</b>			
	<b>Receivables</b>			
	Adam 'N' Eve	Related Party	-	28.52
	<b>Payables</b>			
	Pokarna Fabrics Pvt Limited	Associate	3935.75	3471.90
	Pokarna Marketing Pvt Limited	Associate	968.73	860.09
	Southend Extension	Associate	1.71	5.71
	Gautam Chand Jain	Key Management Personnel	1706.48	1470.93
	Rahul Jain	Key Management Personnel	1028.07	998.31
	Apurva Jain	Key Management Personnel	0.75	4.07
	Prakash Chand Jain	Relative	1346.75	1160.95
	Nidhi Jain	Relative	5.86	5.86
	Neha Jain	Relative	25.00	14.85
	Gautam Chand Jain (HUF)	Relative	-	7.39
	Prakash Chand Jain (HUF)	Relative	-	7.69
	Vidya Jain	Relative	7.53	3.75
	Ritu Jain	Relative	8.25	5.14
	Pratik Jain	Relative	6.46	3.23
	<b>Rent Deposit given</b>			
	Pokarna Fabrics Pvt Limited	Associate	23.20	23.20
	Prakash Chand Jain	Relative	8.33	8.33
	Gautam Chand Jain (HUF)	Relative	32.88	16.44
	Prakash Chand Jain (HUF)	Relative	34.19	17.10
	Rekha Jain	Relative	16.48	2.44
	Anju Jain	Relative	19.80	14.85
	Ashok Chand Jain & Sons	Relative	11.34	-
	Vidya Jain	Relative	8.33	8.33
	Pratik Jain	Relative	8.33	8.33
	Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall Company basis at the end of each year and, accordingly, have not been considered in the above information.			

# Notes to Consolidated Financial Statements

## 2.29 Disclosure required u/s.186(4) of the Companies Act, 2013

Particulars of security/ guarantee	Name of the company	Purpose for which loan / guarantee is proposed to be utilised by recipient
Pledge of Equity Shares by Pokarna Limited - Parent company	Pokarna Engineered Stone Limited (wholly owned subsidiary)	Security by way of pledge of 51% Equity Shares to the lenders of subsidiary company for availing credit facilities, outstanding credit facilities as on 31st March,2017 ₹9971.90 lakhs (py. ₹12342.83 lakhs)

## 2.30 Earnings Per Share (EPS)

The numerators and denominators used to calculate Basic and Diluted Earnings per share

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Basic / Diluted Earnings Per Share</b>		
Numerator for Basic earnings per share:		
Profit attributable to the Equity Share Holders	6969.83	5120.86
Denominator for Basic earnings per share:		
Basic / Weighted Average number of shares	6200800	6200800
Basic Earnings Per Share (in ₹)	112.40	82.58

## 2.30 Segment Reporting

Disclosure of segment reporting for the year 2016-17 (2015-16):

### (a) Information about Primary Business Segments:

Description	Granite	Apparel	Quartz Surfaces	Total
Sales to External Customers	14598.45 (18400.74)	944.55 (862.41)	22137.02 (20130.57)	37680.02 (39393.72)
Inter Segment Sales	0.11 -	7.36 (8.09)	- -	7.47 (8.09)
<b>Total Revenue</b>	<b>14598.56</b> (18400.74)	<b>951.91</b> (870.50)	<b>22137.02</b> (20130.57)	<b>37687.49</b> (39401.81)
<b>Segment Results</b>				
Profit / (Loss)	3291.12 (4603.97)	(678.29) (-839.39)	9573.46 (8261.89)	12186.29 (12026.47)
Interest Expenses				3293.18 (3678.89)
Income Tax				1923.28 (1474.77)
Exceptional Items				- (1751.95)
Profit After Tax				6969.83 (5120.86)
<b>Other Segment Information:</b>				
Capital Expenditure	2309.91 (2192.51)	149.49 (93.30)	698.42 (867.98)	3157.82 (3153.79)
Depreciation	795.74 (655.65)	318.27 (332.22)	907.04 (839.14)	2021.05 (1827.01)

Particulars of Segment Assets and Liabilities:

# Notes to Consolidated Financial Statements

## 2.30 Segment Reporting (Contd...)

Disclosure of segment reporting for the year 2016-17 (2015-16):

### (a) Information about Primary Business Segments: (Contd...)

Description	Granite	Apparel	Quartz Surfaces	Total
Segment Assets	15994.82 (16308.05)	2892.24 (3308.64)	32573.23 (27307.44)	51460.29 (46924.13)
Unallocated Assets	6115.88 (6115.88)	- -	- -	6115.88 (6115.88)
Segment Liabilities	11150.92 (12708.51)	1305.45 (1430.61)	22579.16 (23106.17)	35035.53 (37245.29)

### (b) Information about Secondary Segments – Geographical

Revenue attributable to location of customers is as follows

Geographical Market	Year ended March 31, 2017				Year ended March 31, 2016			
	Granite	Apparel	Quartz Surfaces	Total	Granite	Apparel	Quartz Surfaces	Total
U S A	3038.76	-	18094.71	21133.47	4899.52	-	16082.33	20981.85
Europe	1010.33	-	1936.13	2946.46	1796.08	-	1177.20	2973.28
Asia	6030.31	-	-	6030.31	5659.54	-	-	5659.54
India	4055.40	951.91	300.19	5307.50	4315.62	870.50	852.35	6038.47
Rest of the world	463.76	-	1805.99	2269.75	1729.98	-	2018.69	3748.67
<b>Total</b>	<b>14598.56</b>	<b>951.91</b>	<b>22137.02</b>	<b>37687.49</b>	<b>18400.74</b>	<b>870.50</b>	<b>20130.57</b>	<b>39401.81</b>

The entire activity pertaining to sales outside India is carried out from India

#### Notes:

- The group has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system. The operations predominantly relate to Granite, Apparel and Quartz Surfaces segments.
- Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on reasonable basis.

## 2.32 Leases:

The company has operating leases for Office premises and retail outlets, that are

- Renewable on a periodic basis and are cancellable by giving a notice period ranging from 1 month to 6 months and
- Are non-cancellable for specified periods under arrangements. Rent escalation clauses vary from contract to contract.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Rent expenses included in Profit and Loss Account towards operating leases	338.63	368.19
Minimum Lease obligation under non-cancellable lease contracts amounts to:		
<b>Particulars</b>		
Within 1 year	177.55	226.18
After 1 year but before 5 years	875.19	904.71
After 5 years	-	-
<b>Total</b>	<b>1052.74</b>	<b>1130.89</b>

# Notes to Consolidated Financial Statements

2.33

Particulars	₹ In Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>a) Value of imports calculated on C.I.F basis in respect of:</b>		
Raw Material	769.99	1245.62
Components and Spare parts	2217.25	3221.30
Capital Items	694.85	2102.79
<b>b) Earnings in foreign currency</b>		
Revenue from Export Sales on FOB basis	31747.03	33259.26
<b>c) Expenditure in foreign currency</b>		
Travel & Conveyance	73.90	134.34
Business Promotion	282.37	387.56
Professional and Consultancy	7.36	31.81
Interest	161.98	145.58
Others	72.88	59.31

2.34 Previous year's figures have been regrouped, rearranged and reclassified, wherever considered necessary, in order to conform to the current year's presentation.

As per our report attached

For and on behalf of Board of Directors

For **S.Daga & Co.**  
Chartered Accountants  
(F.No: 000669S)

**Gautam Chand Jain**  
Chairman & Managing Director  
(D.No: 00004775)

**Meka Yugandhar**  
Independent Director  
(D.No: 00012265)

**Shantilal Daga**  
Partner  
Membership No. 11617

**Rahul Jain**  
Managing Director  
(D.No: 00576447)

**Apurva Jain**  
Executive Director  
(D.No: 06933924)

Place : Hyderabad  
Date : May 8, 2017

**M Viswanatha Reddy**  
Chief Financial Officer

**Paruchuru Vinay**  
Company Secretary

## ATTENDANCE SLIP

**Pokarna Limited**

CIN : L14102TG1991PLC013299

Registered office: 105, 1st Floor, Surya Towers , Sardar Patel Road, Secunderabad- 500 003

Tel: 040-27842182 Fax: 040-2784 2121

Website: www.pokarna.com Email: contact@pokarna.com

**Please fill attendance slip and hand it over at the Entrance of The Meeting Hall**

Joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id \* ..... Folio No. ....

Client Id \* ..... No. of shares. ....

NAME, EMAIL ID AND ADDRESS OF THE SHAREHOLDER .....

I hereby record my presence at the **26th ANNUAL GENERAL MEETING** of the Company held on Monday, 18th September, 2017, at 10.30 a.m., at Hotel Vivanta, by Taj, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana State, India – 500016.

\*Applicable for investors holding shares in electronic form.

Signature of Shareholder/proxy

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**Pokarna Limited**

CIN : L14102TG1991PLC013299

Registered office: 105, 1st Floor, Surya Towers , Sardar Patel Road, Secunderabad- 500 003

Tel: 040-27842182 Fax: 040-2784 2121

Website: www.pokarna.com Email: contact@pokarna.com

Name of the member(s): ..... e-mail Id: .....

Registered address: ..... Folio No/\*Client Id: .....

\*DP Id: .....

I / We, being the member (s) of Pokarna Limited holding ..... Shares, hereby appoint:

1) ..... residing at ..... having e-mail id ..... or failing him

2) ..... residing at ..... having e-mail id ..... or failing him

3) ..... residing at ..... having e-mail id .....

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the Company, to be held on Monday, 18th September, 2017, at 10.30 a.m., at Hotel Vivanta, by Taj, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana State, India – 500016 and at any adjournment thereof in respect of such resolutions as are indicated below:







**POKARNA LIMITED**

Regd Office: Pokarna Limited

105, First Floor, Surya Towers, SP Road, Secunderabad 500 003, India

Tel: (91-40)2789-7722/6361. Fax: (91-40)2784-2121

E-mail: [contact@pokarna.com](mailto:contact@pokarna.com)

Web: [www.pokarna.com](http://www.pokarna.com)

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