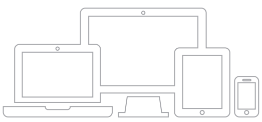
POKARNA LIMITED

TRANSFORMING.
ADAPTING.
SUSTAINING.

27TH ANNUAL REPORT

2017-18

POKARNA
A COMPANY WITH HIGH DYNAMISM AND INTERNATIONAL PRESENCE



This Report is also available online on www.pokarna.com

CONTENTS

Corporate Overview

Management Reports

Financial Statements

SUCCESS IS NEVER A ONE-DIMENSIONAL JOURNEY

To lay the right foundation of success, one must transform with the need of the hour and the industry. For it's in the changing that one finds the edge.

To capitalise the opportunities that rise, one must adapt with them. For it's in flowing flexibly that one finds strong grounds to stand on.

To retain one's place in the industry, one must sustain the performances that made it happen. For it is from consistent excellence that long-term achievement grows.

At Pokarna, we have imbibed each of these three philosophies in our plan of action. And with that, we're moving ahead towards a brighter future!

KNOW POKARNA

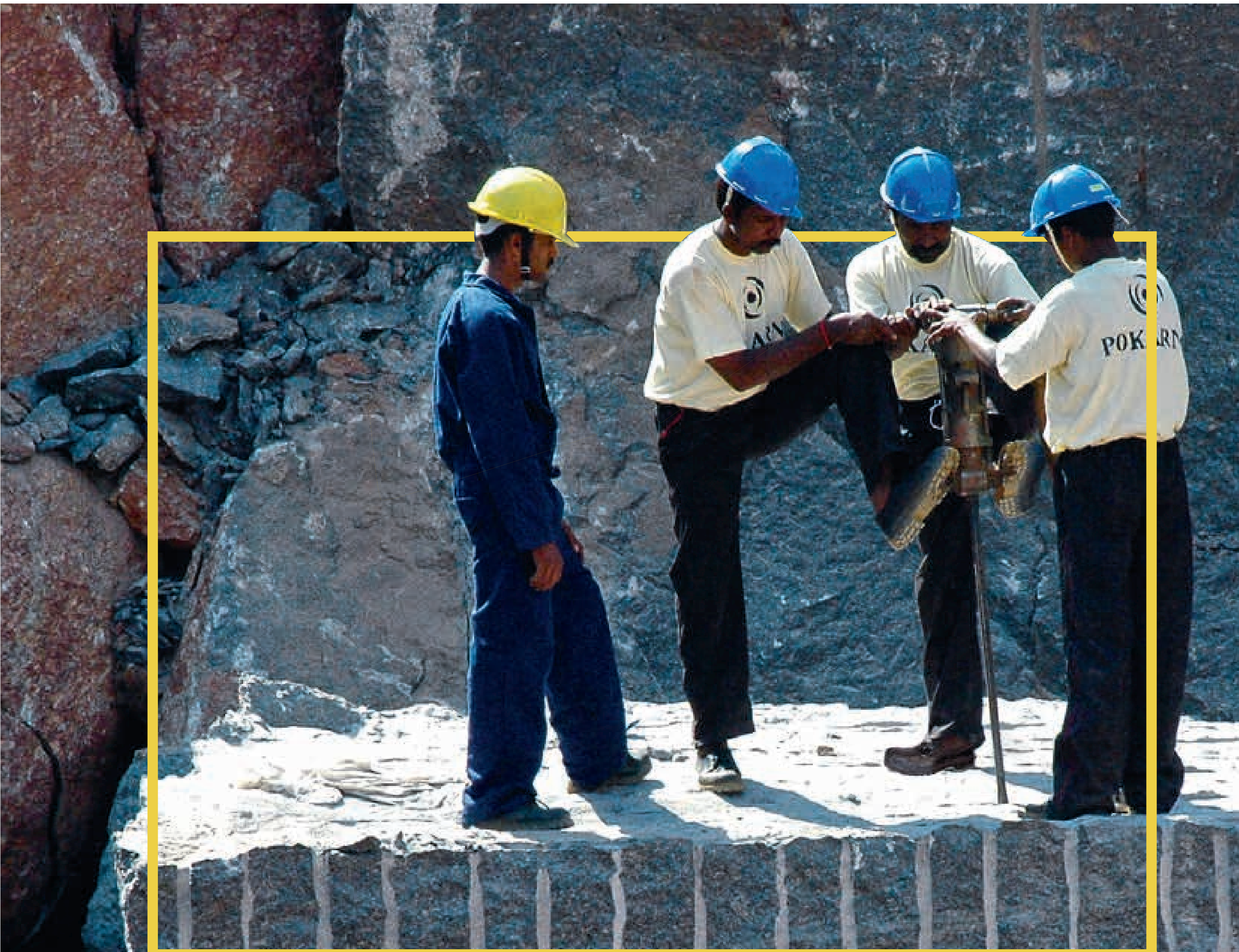
Today, Pokarna Limited is one of the India's largest exporter of granite and quartz products exporting to many countries across the globe. For more than two decades, we have applied our unparalled expertise in manufacturing that have helped transform lifestyles for people.

Abiding by the ideology of 'Aspire to Achieve', Pokarna Limited started its journey in 1991 under the guidance of Mr. Gautam Chand Jain, Chairman and Managing Director.

We are known for our product quality and innovativeness, complemented by our integrated business model - self-owned quarries, state-of-the-art technology and extended product portfolio. With the introduction of Quartz surfaces, we have emerged as a reliable business partner for granite and quartz for local and international markets.

Headquartered in Telengana, India, the two state-of-the-art manufacturing units of the Company are located across the state of Telengana and Andhra Pradesh. In terms of product presence, the Company has expanded across the globe covering regions like Europe, Middle East and predominantly North America.

The Company's quarries have been able to produce some of the most sought after variations (designs and colours) within the industry like Black Galaxy, Coffee Brown, Silver Pearl, Silver Waves, Golden Dream and Cream Pashnere among others. The technologically advanced manufacturing facilities of Pokarna enables it to produce world class products of top notch quality.



Our key differentiators

Our strengths

- Enduring partnerships
- Superior technology
- Across-the-value-chain presence
- Qualitative excellence
- Economies-of-scale
- Brand image

GLOBAL PRESENCE

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

Recognised best-practice governance throughout the business

17

Owned granite quarries – ensuring steady supply of granite stones

64+

Differently designed product offerings in the quartz segment – enabling to meet different customer needs

60+

Countries where Pokarna has product presence – ensuring a wide customer base

MESSAGE FROM THE CHAIRMAN AND THE MANAGING DIRECTOR

> Demand for quartz products in the US is expected to grow at a CAGR of 20-25% over the next five years.

GAUTAM CHAND JAIN
Chairman & Managing Director

Dear Shareholders,

I am delighted to present to you another year of satisfactory performance for Pokarna. While on one hand the granite business continued to remain under pressure, on the other hand rising input costs and unfavorable currency movements challenged the macroeconomic environment. In such a scenario, the year may not look productive perfunctorily, but in reality it was a transformational year for the Company for various reasons. Most important of those reasons is our improvement in attitude towards business. In FY18, we focused on getting a solid grip on factors that were within our control instead of complaining about factors that were beyond us.

Industry overview

With the improvement in the global economic scenario in the last couple of years, coupled with the recent growth uptick in the advanced economies, supply and demand is gradually stabilizing itself.. US, one of our major markets for export, saw a steady double digit demand growth (in terms of volume) for the quartz products owing to its certain innate benefits that are not available with natural material. Growth in the other major economies like Europe and the Middle East was also on a rise, though the uptick was pretty slow. While in terms of value growth, things are slowly improving but the impact is yet to be realized. Demand for quartz products in the US is expected to grow at a CAGR of 20-25% over the next five years. However, the situation is still challenging due to the growing competition from the organized players as well as the Chinese unorganized players.

With the Asia-Pacific region emerging as one of the brightest spots in the global economy, the region also marked its presence in the quartz market accounting for a major share of global demand. Demand for quartz in India also saw a rise recently driven by the relatively superior physical attributes of the engineered stones to other countertop materials. Growing awareness, higher acceptance, a booming Indian economy and favorable government policies are some of the factors that are likely to keep the demand scenario buoyant in India for the days ahead.

Operational performance

At Pokarna, we have reinforced our presence in the international market by nurturing demand through the launch of innovative and contemporary products at value for money propositions. During this phase, we continued to strengthen ourselves for future market opportunities.

We invested in technology, systems and processes to enhance and customize our product offerings. We undertook measures to enhance productivity and minimise the fixed and variable costs of operations. A complete programme of cost rationalization was undertaken coupled with the optimization of unproductive costs. We embarked upon efficient resource allocations to other revenue opportunities like restructuring of old bank debts into foreign currency loans to boost financial performance and reward investors.

Talking points, FY2017-18

Deferment in the quartz production process owing to further up-gradation of the facilities impacted our revenues, as our quantum of exports declined by 18% to ₹ 39 crore for the year under review and accounted for 11.56% of our overall revenue mix.

In such a scenario, leveraging our experience of more than two decades in this business, some of the most decisive initiatives were undertaken during the year under review to buttress our long-term sustainability. These initiatives were completely in sync with our plans of transforming our business strategy. Our patient investments over the past few years rested on the belief that an industry upturn was imminent. We embarked on the path of enhancing our capacities by nearly 130% with the commencement of our Greenfield engineered stone facility, one of the highest in our history. Our strategic positioning as a niche player in the granite and quartz segment has not only helped us brighten our future prospects but has also enabled us diversify our exposure in key international markets.

To satisfy changing consumer preferences, we invested in state-of-the-art technologies to carve out a differentiated identity, resulting in bigger profits. We focused on providing a complete product assortment in terms new aesthetically appealing designs. As result, we optimised as well as increased the proportion of value-added and higher margin products in the overall product mix which thus helped increase our average selling prices and drive margins growth.

We invested heavily in our R&D during the year to enable the Company adapt to the changing trends faster and respond with a steady pipeline of innovative and efficacious products. While we have always led the industry in terms of innovation, we also invested heavily in procedural fine-tunings during the year that have significantly improved our productivity levels at the quarries and helped reduce wastage.

We focused on further strengthening our relationships with our customers and our partners across the globe to build a strong network driving future growth.

Building on the strength of our people

It is due to the efficiency of the Pokarna team that we are able to deliver on our commitments to the many stakeholders we serve. Indeed, our young, energetic and collaborative team, underpinned by our high-performance culture, remains our greatest asset. At Pokarna, we are aware that our employees are the true motors of the Company's and we are committed to empowering them. In line with this tenet, we enable our employees to grow their career in a learning environment by investing in our people, by attracting the best and by providing a committed, engaged, fulfilling, rewarding and responsible work environment. I would like to take this opportunity to thank everyone who works for Pokarna for their hard work and dedication, which are fundamental to our continued success.

Road ahead

While the industry scenario remained gloomy for most part of the year, at Pokarna, we remained financially strong because of the actions we are taking that, I believe, will make us a stronger player in both home and abroad.

In line with our plans to transform our business strategy, we continue to enhance our operational efficiencies. Continuous investments in R&D, branding, quality enhancement and logistics mark this transformative phase. With goal to remain sustainable, we will continue this good work in future as well. Innovative designs, world-class quality and quick response to changes in customer preference has made us differentiator in the market. We will continue pursuing our strategy to further develop our core capabilities, meet or even exceed customer requirements and continue creating value for our shareholders.

GAUTAM CHAND JAIN
Chairman & Managing Director

NUMBERS THAT MATTER

Sustained revenue
driven by product innovation and enhanced international presence

Margins
driven by stable business model and focused strategy

Free cash flow
driven by better sales realization and high operating efficiency

Our long-term performance

Revenue

9.45%

CAGR over the past four years (FY18)

Profit after tax

77.96%

CAGR over the past four years (FY18)

Book value per share

65.08%

CAGR over the past four years (FY18)

Revenues (gross)
(₹ in crore)

2017-18	337.36
2016-17	379.62
2015-16	398.56

Cash profit
(₹ in crore)

2017-18	62
2016-17	91
2015-16	89

Debt-equity ratio
(in times)

2017-18	1.03
2016-17	1.45
2015-16	2.13

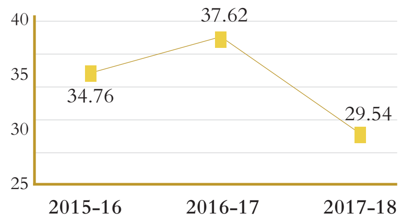
EBIDTA
(₹ in crore)

2017-18	99.67
2016-17	142.83
2015-16	138.53

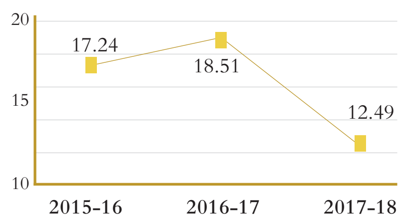
Post-tax profit
(₹ in crore)

2017-18	42.14
2016-17	70.26
2015-16	68.73

EBIDTA margin
(%)



PAT margin
(%)



Note: The above figures are inclusive of Discontinued operations

THE YEAR AT A GLANCE

1

Maintenance shutdown of the quartz facility for technical upgradation and modernisation activities.

2

Received an improved credit rating from Crisil on the back drop of a better performance. Improved long term credit rating to BBB-/ stable from BB+/ stable, while the short term credit rating also improved from A3 from A4.

3

Remoulded our quartz product mix with the ongoing upgradation, from generic to innovative and high margin exotic products.

4

Achieved optimal capacity utilisation at our quartz facilities owing to upgradational activities undertaken by the Company in Q1.

5

Re-commenced the operations at our quartz plant after closing it down in the last quarter of FY17 for technological upgradation.

6

Finalised the location and undertook the due diligence process for the commencement of the construction of the greenfield engineered stone facility

7

Completed the registration and purchase of land for setting up our new facility

TRANSFORMING
to adapt to challenges...

At Pokarna, we are convinced that the enduring success of a company in today's rapidly changing environment comes from one's timely responsiveness towards changes.

Being a proactive organisation, we responded to the changes by transforming our business strategy according to market fluctuations.

Q | How did we do that?

01
Through our customer focused approach:

At Pokarna, we remodelled our business strategy to place greater emphasis on customer needs. We listened to our customers, tried to be flexible in our approach and responded appropriately and timely to their needs. We worked collaboratively, at times through long-term partnerships or alliances, to ensure we understand their priorities better and our objectives are in sync with theirs.

02
By remoulding our product mix:

At Pokarna, we tried to reorganise our product offerings by focusing on increasing the proportion of value-added, customised and high margin products. This not only enhanced the acceptance of our products but also accelerated the shift to solution providing proposition for our customers.

Thus by transforming ourselves, we have not only been successful in increasing our off take from a stagnant market but have also remained relevant.

03
By delivering customised solutions:

At Pokarna, we realised that time has changed. Bulk production alone no longer will help in sustaining the business in the long run. Rather tailoring bulk production through innovative solutions to meet customers' requirements is the key to sustainable growth. To do this, we utilised our strong technical expertise, innovative product pipeline and strong R&D team to deliver products customised as per the requirements of the clients. This helped us grow our clientele, enhance our presence in new geographies, increase our market share and improve our margins even in low or no-growth markets.

15.19%

PBT Margin in 2017-18

27

Years of rich industry experience

ADAPTING
To deliver sustainable results...

At Pokarna, we have been delivering performances backed by our ability to adapt to macro-economic challenges. Our experience and industry knowledge has helped us overcome several hurdles.

Q How did we do that?

01
By utilising our deep understanding of the business:

With a rich industry experience of 27 years, our goal was to deliver profitable growth consistently. To do this, we focused on being nimble footed and were quicker to respond and adapt to the changing trends. We reallocated our resources and investments on those categories that have strong growth potential, where we have strong functional expertise, and where we have the potential to steadily build our competitive advantage over time.

02
By adopting new technology:

Against this backdrop, we periodically invested in modern technology that added value to our products and business. We were the first and remain the only ones to produce granite and quartz stone using Breton technology in India. Additionally, we enhanced our responsiveness so that we could adapt to technological changes faster which in turn would help us in producing new and innovative products keeping pace with customer needs.

03
By strengthening the R&D:

Being pioneers in introducing new technologies, at Pokarna, we focused on enhancing this expertise by creating a strong R&D team. Driven by top management, we focus on creating designs of our products that are contemporary and unique to our brands.

SUSTAINING
To create value for stakeholders

Delivering long term sustainable performance defines the credibility of a company and its competitiveness in todays highly market.

At Pokarna, we tried to create a business portfolio by leveraging our advanced and unique technological capabilities developed over the years through our prudent business investments, thus overcoming the risk of losing its competitiveness and enabling the Company deliver sustainable performance year after year.

Q How did we do that?

01
By maintaining a prudent balance sheet:

Over the years we have never been a topline driven company, rather focused on high profitability and sustained margins. The result is visible, where our topline has not been overwhelming, but our margins have been exemplary. The result: We have maintained a comfortable debt-equity ratio of 1.03 as on March 31, 2018.

02
By focusing on our people:

At Pokarna, we believe our people are the key reason for our continued success over the years. In order to be sustainable in future as well, we invested in our human capital in terms of attracting the best talent in the industry, training and developing our employees in regard to their ability, skills and aptitude and also in creating work environment that promotes and supports the employees through a culture of entrepreneurship. This not only encourages our people to develop and grow but at the same time enables the Company to have the right mix of people, teams and skill sets that result in sustainable growth of our business.

03
By opting for a balanced risk and reward ratio:

We focused on creating a strong business framework which fairly balances risk while at the same time rewards the Company. Our governance structure remains fundamental to our modus operandi and we remain vigilant to ensure compliance to existing regulations that govern our organisation.

1.03 times

Debt-equity ratio

OUR BUSINESS STRATEGY

We have been consistent in our strategic focus. As the Company embarks on its transformation phase, our objective is to grow from our current position across all our markets as well as deliver superior and sustainable value for our shareholders. At Pokarna, we focused on our core business during the year to make it more sustainable and profitable by adapting to the changing trends across the industry.

Sustainable & profitable strategy plan

01 Deliver consistent profits

02 Expanding margins

03 Maintain a prudent revenue mix from geographies (domestic and international)

04 Innovate for new products using leading-edge technology

05 Investing in growth-driven markets

06 Enhance our capacities to meet demand

Expected results

Improvement in cash flow generation

Improve our return on capital employed

Create a stronger balance sheet

Creating a business model fostering long-term sustainability and profitability of the Company

Greenfield expansion at Pokarna

The Company investment ₹ 330 crore for the Greenfield engineered stone (quartz) facility is taking shape.

Once the facility is operational, the same is expected to increase the quartz surface production capacity of the Company by nearly 130%.

The facility is expected to be one of its kind across the globe in terms of most-advanced Bretonstone plant.

BRAND IN FOCUS

We, at Pokarna, continue to enhance our product market and strive towards creating brand recall and loyalty. In order to expand our consumer base, we participated in various exhibitions held in Italy, USA, Germany and China and displayed our diversified range of products to customers across the globe.

CSR

We are committed towards good corporate citizenship and attempt to build long lasting relationship with society in which we operate. Our corporate social responsibility contributes towards providing health care facility to children. During the year under review, we had installed RO plants to provide safe and clean drinking water.

SAFETY AND ENVIRONMENT

Pokarna indulge in eco-friendly operating activities to conduct our daily operations to avoid any adverse impact on the environment. Along with health and environment, we even take utmost care of our employees. We undertake various activity and initiative to ensure safe working conditions, promote and enhance safety as a work culture and prevent loss or injury of our employees.

BOARD OF DIRECTORS

Mr. Gautam Chand Jain
Chairman & Managing Director

Mr. Mahender Chand
Independent Director

Mr. Thati Venkataswamy Chowdary
Independent Director

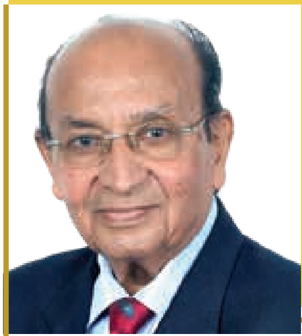
Mr. Meka Yugandhar
Independent Director

Mr. Vinayak Rao Juvvadi
Independent Director

Mr. Prakash Chand Jain
Non-Executive Director

Mr. Rahul Jain
Managing Director

Mrs. Apurva Jain
Executive Director



Mr. Dhanji Lakhamsi Sawla
Independent Director
(resigned w.e.f 6th December 2017)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Gautam Chand Jain
Chairman & Managing Director

Mr. Dhanji Lakhamsi Sawla
Independent Director (resigned w.e.f 6th December 2017)

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. K. C. Bhattacharjee & Paul
Chartered Accountants, Hyderabad

INTERNAL AUDITOR

Mr. M. Murali Jaganmohan
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. Mahesh Inani

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
Website: 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 DISCUSSION AND ANALYSIS

Global economic overview

The upturn in growth momentum, which began during previous year, resulted in lifting the global growth to a level of 3.8% for 2017, compared with tepid growth rates delivered in recent years. The 2.3% growth in US economy was largely supported by strengthening of private investments. The economy showed a sound underlying growth trend, supported by continuous improvements in the labour market, transferring into healthy consumer spending and business sentiment.

The economy is expected to further accelerate at 2.8% in 2018 owing to fiscal stimulus in the form of lower tax rates which would further encourage the investments.

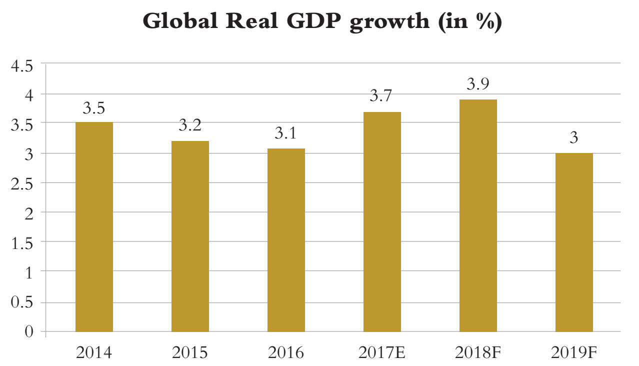
The Euro region and Japanese economies also performed well, supported by improvements in demand and fiscal stimulus.

It is expected that emerging economies grew at 4.3% in 2017 mirroring firm activity in commodity exporters and continued robust growth in commodity importers. The region is expected to maintain its momentum as headwinds surrounding commodity exporters dissipate. With a growth rate of 6.9% in 2017, the Chinese Economy performed better than expectation mainly due to continued fiscal support, effects of reforms, as well as a better than expected recovery of exports. Exports dependent economies like Brazil and Russia as well are expected to perform well in the future, growing at 1.9% and 1.7% respectively, after expanding at 1.1% and 1.8% in 2017.

Outlook

The global economy is expected to perform marginally better in 2018 by growing at 3.9% as against 3.7% growth during 2017.

The growth would be driven by improved momentum and the impact of tax policy changes in the US.



Indian economy overview

After registering GDP growth of over 7 per cent for three consecutive years in 2016-17, the pace of Indian economy is expected to somewhat moderate at 6.7 per cent in 2017- 18. Despite, this slow-down GDP growth has averaged 7.3 per cent for the period from 2014-15 to 2017-18, the highest amongst the major economies of the world. The moderate growth rate during the current year was owing to teething issues surrounding implementation of structural reforms like GST and Bankruptcy code. Further, the lingering uncertainties following the Demonetization drive of 2016-17 also impacted the business environment and activities during the year. However, with stabilization the economy is starting to show early signs of revivals. Exports as well turned positive during FY18 after remaining in negative territory in the past couple of years. Further, the Government's policies and efforts in recent years have resulted in achieving growth in milieu of lower inflation, improved current account balance and notable reduction in the fiscal deficit to GDP ratio. In addition, the country's foreign exchange reserves have also swelled to USD 414 bn. Positive contribution from manufacturing and construction activities contributed to the Country's growth.

Quarterly GDP figures 2017-18

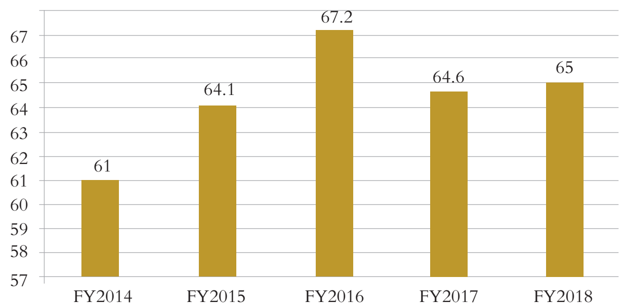
5.7% Growth
April to March (Q1)

6.3% Growth
July to September (Q2)

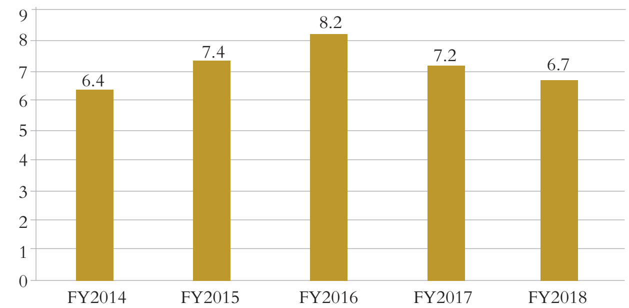
7.2% Growth
October to December (Q3)

7.7% Growth
January to March (Q4)

Exchange rate against the dollar (in ₹)



Real GDP growth (in %)



Outlook

India's economic growth was pegged at 7.4% for FY 2018-19 from 6.6% recorded in FY 2017-18; registering an increase of 80 bps. Further, World Bank projected India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20. Improvement in private consumption, increase in capacity utilization and private capex cycle revival will be driving higher growth in 2018-19.

Stone Industry

Granite Overview - Global

Granite a common type of felsic intrusive igneous rock in granular form is a versatile product finding application in varied areas ranging from sculpture & memorials, building, construction owing to its innate characteristics of being hard & durable. Its amenability quality in terms of taking mirror like polish, high compressive strength, longevity and aesthetics, has been valued for millennia.

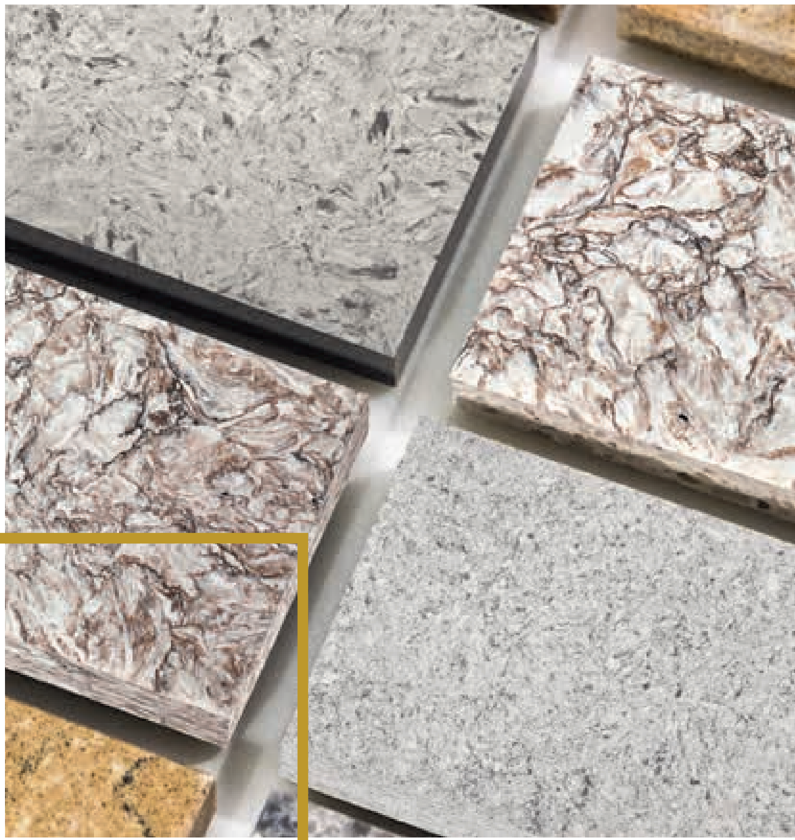
Granite and related industries are considered to amongst oldest industries in the world. Globally, the U.S., China, India, Brazil, Italy, Sweden, Germany, and Spain rank amongst major granite exporting countries. In terms of Geography, Asia Pacific region has the largest share and the fastest growth rate in the global granite market. The growth in the region is led by the rising residential and infrastructure construction activities in major economies such as China, India, Thailand, Indonesia and other Southeast Asian countries.

(Source: https://www.bizvibe.com/blog/global-granite-market-analysis/)

Domestic production of granite in the U.S. according to the US Geological survey was estimated to be 1.48 billion tons in 2016. The granite in crushed stone form was said to be valued at more than US$ 16.2 billion.

(Source: Transparency market research)

According to reports, the global granite market size is expected to reach US$17.68 billion by 2021. The growth will largely be driven by the revival in construction and renovation activities in developed countries, rapid industrialization and urbanization in developing countries, changing consumer preference for natural looking home décor, and the growing commercial value of granite products in the global market.



Granite Overview - India

Major stone types in India

- **Marble**
- **Slate**
- **Granite**
- **Sandstone**
- **Limestone**

India is amongst the largest producer and exporters of granite in the world. Further, it also has a vast repository of granite with abundant deposits available in Tamil Nadu, Andhra Pradesh, Karnataka, Rajasthan and Odisha. India has the second largest deposit of natural stones in the world with 15 per cent of the world natural stone reserves, approximately 46.23 billion cubic metres. (source: https://www.thehindubusinessline.com/news/granite-industry-wants-leases-extended-to-30-50-years/article22671135.ece)

Indian granite reserves are dominated by colored granite, which account for 94% of total reserves while black granite account for the rest 6%. The prominence of the granite industry in India has attracted a significant number of buyers and traders from all over the world to source granite and other natural stone products in India.

The industry has grown at a healthy clip of 14.5% in recent years, aided to a large extent by strong domestic and international demand. Granite is primarily used in construction sector, in residential and commercial real estate construction. In residential real estate segment, granite is used in making kitchen countertops, flooring and paving stones. In commercial real estate segment, it is used for flooring. Consequently domestic demand for granite would be dependent on the real estate construction activity.

Indian granite has become the most sought-after and extensively used stone material in building construction and massive structural works throughout the world, and is well known in the international market, not only for its elegance and aesthetic quality, but also for its durability. According to industry data, about 85-90% of the total granite produced in the country is exported.

Bulk of India's granite and natural stone product are exported to United States and EU, regions wherein the demand continues to remain strong despite ever growing competition. Exports primarily comprises of rough granite blocks, processed granite blocks, polishes granite slabs, polished granite tiles and granite monuments. The overall Indian exports of polished granite slabs declined at a CAGR of ~15% for the last four years (FY2013 to FY2017) in terms of value.

Over the years, India's granite industry has scaled new heights with exports to the international markets growing by leaps and bounds enabling the country to emerge as one of the leading exporter of raw granite and granite for monumental or building stone.

The Indian product continues to gain prominence owing to technological advancements, sophisticated quarrying techniques, and decreased cost of mining and growth in usage as material in the decoration sector.

The GST impact

Before GST	After GST
14.5 Raw Granite (rate in %)	**12** Raw Granite (rate in %)
2 Polished Granite (rate in %)	**28** Polished Granite (rate in %)

(Source: Economic Times)

However despite the progress, hurdles in terms grant of lease for sub-optimal period, growing competition and the fact that the sector continues to be largely unorganized continues to impair sector's overall pace of growth and development. Further, delays in procuring requisite clearances owing to red tapism have eroded country's competitive edge over its peers in recent years.

The Industry continues to remain highly fragmented and unorganized. One of the primary reasons for the fragmentation is the fact that granite is still classified as 'Minor Mineral' which results in state government controlling its mining and processing operations.

The Federation of Indian Granite and Stone Industry (FIGSI) has been requesting for extending the quarry leases to be extended from 30 to 50 years with guaranteed renewals. Further, the industry is also seeking reduction in royalty rates bringing them on par with global rates. Import of granite blocks to be brought under OGL (open general licence) and issuance of quarry leases in a time bound manner.

Advantages of using granite

Resistant to wear and tear as well as weathering	Mirror-like polish	High compressive strength
Longevity	Aesthetics	

Granite facts

- Granite, which makes up 70–80% of Earth's crust , is an igneous rock formed of interlocking crystals of quartz , feldspar , mica, and other minerals in lesser quantities.
- Granite is one of the hardest substances in the world. The only material that is harder than granite is a diamond.
- Granite itself isn't really a solid piece. It has really tiny spaces between the material and because of this it is porous. They're often called pits, and they don't weaken the slab, but are common because of its nature.
- One of the other common characteristics that is found in granite is fissures. A granite fissure is a separation in the granite, and they're visible. They look like they are cracks, but in reality they are not
- The Almendres Cromlech, from approximately 6,000 B.C., is one of the largest groups of standing stones in Europe. The stones are set up in a roughly circular form, including a set of almost 100 granite monoliths that still stands to this day.
- Granite's value as a construction and decorative material is so high that it caused the creation of America's first commercial railroads in 1825.

(Source: granitegold.com, encyclopedia, expressgranite.net)

Quartz Surfaces

Quartz, one of the hardest material found on earth, has seen a sharp surge in demand, in recent times owing to its inherent qualities. Quartz, which is commonly found across many kitchen countertop is the second most abundant mineral found on our planet, constituting approximately 12% of the earth's crust. Quartz countertops are engineered by fabricators who combine quartz crystals with polymer resins for binding and pigments for color. The resulting slab comprising of ~ 93% quartz and 7% resin, scores high on durability and aesthetic appeal.

Some of the key factors responsible for Quartz success –

- Low Maintenance – Countertops made of natural stone, like granite or concrete, must have a sealant or wax coated on top of it. Quartz though doesn't require such protection. Further, given that Quartz is non-porous they are super easy to clean and maintain.
- Antimicrobial – Resin binders make quartz counters nonporous, so stain- and odor-causing bacteria, mold, and mildew can't penetrate the surface
- Uniform in look and feel – Because natural stone comes straight from Mother Nature, it often has color and texture variation. Quartz on the other hand given that they are manufactured provide consistent look and feel.
- Design friendly – Better flexibility compared to natural stone; resins make Quartz more elastic allowing fabricators to adjust the shape and curve

The above qualities have made Quartz a preferred choice for countertops amongst consumers despite being a pricier choice. In addition to kitchen countertops, engineered stone products are suitable for shower and tub surrounds, vanity tops and other surfaces in wet areas, unlike porous stones, which can foster bacteria growth. They are therefore ideal for locations such as commercial buildings, canteens, hospital food service areas, etc. Further, being man-made, these materials can be fabricated in large sizes, resulting in less joints and better aesthetics.

Engineered Quartz Countertops Market is growing at a rapid pace on the heels of increasing application in kitchen; surging penetration across various regions coupled with the availability of a large variety of designs and colours. As per Freedonia Research Report, the global countertop market material size is about US$ 81 billion and Quartz is about 10% of it.

Pokarna is the largest exporter of quartz surfaces and offers varieties of Quartz to serve every type of customers through its wholly-owned subsidiary Pokarna Engineered Stone Limited (PESL). PESL is the only company in India to produce quartz surfaces using the patented Bretonstone Technology. This one of a kind technology from Breton S.p.A. of Italy is capital intensive and intellectually driven and ensures that the products meet international standards and certifications.

Indian Textile Industry overview

The Indian Textile Industry currently estimated at around US$ 120 billion, constitutes approximately 2 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP). Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and textiles.

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market.

Higher disposable income following a period of high economic growth has led to rise in demand for products creating a huge domestic market. The domestic market for apparel and lifestyle products, currently estimated at US$ 85 billion, is expected to reach US$ 160 billion by 2025.

Business segment review

1. Granite

Revenues from the segment

Year	Revenues (₹ Cr)	% increase/ decrease
FY2017	149	(20.15)
FY2018	**148**	**(0.64)**

Overview

Established in 1991, Pokarna Ltd is amongst India's leading exporters of finished granite. Backed by its passion for offering quality and innovative products, the Company has been able to capitalize on the growing demand for Granite both in Domestic and International market. Further, the Company is the only granite company in India to be fully integrated from quarries to marketing.

The Company provides variety of granite and has 17 quarries across Telengana, Andhra Pradesh and Tamil Nadu. The Company has processing facilities with state-of-the-art machineries sourced from some of the most respected global companies like Breton, Pedrini and Pellegrin. This preference for cutting-edge investment has provided the Company a competitive edge over its peers and has resulted in creating an innovative and diversified portfolio.The Company sources bulk of its granite requirement from its captive quarries, located in Andhra Pradesh, Telangana and Tamil Nadu. The quarries are rich in quality and possess some of the most coveted and desirable colours like silver waves and black galaxy among other. Approximately 44% of the raw material of the Company is sourced from owned quarries and rest is imported from some of the reputed domestic and global suppliers.

It also has a robust distribution network with presence across mature and fast growing markets. It exports many countries across the globe, with North America, Europe and Asia being the prominent ones.

Highlights

- Pokarna's revenue from the segment was ₹ 148 crore in FY 2017-18, an decrease of 0.64 % over FY 2016-17. Steady performance despite competitiWon in the Industry.
- Out of the total revenue earned by the Segment, export constituted 62.50%, out of which, the US amounted to 23.67% share, followed by countries like Europe 11.33%, Asia 61.67% and rest of the world 3.34%.
- The overall domestic to export revenue mix of the segment for the year stood at 37:63 as against 29:71 in the previous fiscal. Segment's PBIT for the year stood at ₹ 28.67 crore in FY2017-18 compared to ₹ 33 crore in FY2016-17, an decrease of 13.88%

Strengths

Experience:

Pokarna has experience of more than 2 decades which has helped it to understand the market scenario well and has helped it become one of the largest exporters in the country.

Technology:

The Company has adequately invested in the Breton technology which has helped it stay ahead of the curve.

Variety:

The Company provides varieties of granite which provides customer a wide range to choose from.

Reach:

Pokarna caters to more than 50 markets which speak for the company's product quality and customer reach.

Outlook

The usage of granite in the modern architecture is gradually increasing which will help Pokarna maintain its revenues and profitability. The Company will keep on improving the product mix by launching new varieties.

2. Quartz surfaces

Revenues from the segment

Year	Revenues (₹ Cr)	% increase/ decrease
FY2017	222	9
FY2018	**181**	**-18**

Overview

Pokarna Engineered Stone Limited (PESL), the wholly owned subsidiary of Pokarna Ltd., is country's largest manufacturer and exporter of engineered stone surfaces. Further, PESL is also the only company in the country to produce quartz surfaces using the patented Bretonstone® Technology. Bretonstone System from Breton S.p.A. of Italy is considered to be amongst the finest of its kind in the world.

PESL by launching innovative and exciting products has carved a niche for itself amongst its customers and has emerged as a preferred choice for retailers. PESL has a state-of-the-art quartz manufacturing plant located in the port city of Vishakapatnam, Andhra Pradesh. Further, the plant is also equipped with extensive laboratory, enabling the Company's R&D staff to develop new colors, create product prototype and analyze various products via its modern machinery.

PESL's product portfolio is fairly diversified, available in more than 64 colors offering everything from bold statements to sleek sophistication and contemporary elegance. PESL markets its products under the brand "Quantra". PESL is working towards improving the brand visibility and connect at present and as such has been undertaking the necessary measures. Its products are presently marketed across the globe predominantly in US and Europe.

- Pokarna's revenue from the segment was ₹ 181 crore in FY2017-18, an decrease of 18 % over FY2016-17.
- Out of the total revenue earned by the Segment, export constituted 99%, out of which, the US amounted to 84% share,
- CRISIL rating agency upgraded long-term credit rating of PESL was to BBB-/ from BB+ stable, and the short term credit facility was revised upwards to A3 from A4+.

Strengths

Technology:

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

Capacity:

The Company is continuously investing in scale. Pokarna is expanding its quartz production capacity by 130% by building a new facility at a cost of ₹ 330 crore.

Experience:

The Quartz business is predominantly fashion driven. And the decades of experience gives Pokarna a good grip on the trends in the market which serves as a moat for the Company.

People:

The Company's human resource majorly comprises young teams which couples the technology front.

Material:

India has one of the best quality Quartz and the Company is present strategically in the areas where such raw material is present. This has helped Pokarna produce quality products.

Business Outlook

Housing

The performance of surface industry to a large extent is dependent on the health of the housing market. While the US housing market grew on an overall basis in 2017, the growth was slower than the past six years and all of it was in single-family homes, with advancement in multifamily dwellings contracting for the second straight year.

Single family home starts, grew by more than 8 percent during 2017, which albeit lower than 9 percent reported in 2016, are edging closer to pre-recession level. Multifamily units though, which had seen steady growth from 2009 to 2015, fell by almost 10 percent compared with 2016.

The outlook for US housing though looks promising with the National Association of Home Builders' (NAHB) Housing and Interest Rate predicting housing starts in USA to increase by about 3.4 percent in 2018 ending at 1.25 million. Similarly, Wall Journal's economist survey, predicts new home starts to reach 1.29 million and 1.34 million in 2018 and 2019 respectively. Further, they expect home prices to continue to firm up as it did in the previous year. Figures presented by the National Association of Realtors (NAR) are even more positive, predicting housing starts will rise to 1.3 million in 2018.

Non – Residential

The outlook for non-residential construction remains relatively positive despite having a subdued 2017. Pace of Non-residential construction growth in 2017 fell compared with 2016 in all of the major areas historically related to surfacing except healthcare. Lodging growth fell from 22.9 percent to just 7.5 percent; Office expansion fell from 21.2 percent growth to just a 4.9 percent increase. Commercial growth dipped from 16.2 percent in 2016 to 11.1 percent in 2017; educational construction growth dropped from 5.5 percent to just 0.8 percent. Healthcare however went from a 1.1 percent drop in 2016 to a 1.9 percent increase in 2017.

FMI though in its Construction Outlook report, expects office, healthcare and educational construction to increase in 2018. The largest increase of 8.9 percent is expected to be seen in the Office sector, followed by the commercial, lodging and healthcare sectors, at 6.5 percent, 4.7 percent and 3.9 percent respectively.

Nonresidential Building Construction (in millions of U.S. $)

Type	2015	2016	2017	2018	2019
Lodging	21,908	26,923	28,949	30,322	31,269
Office	55,521	67,262	70,615	76,940	82,816
Commercial	65,899	76,578	85,077	90,594	94,913
Healthcare	39,147	38,703	39,446	40,994	43,067
Educational	84,771	89,391	90,126	92,607	96,554

Source: FMI Construction Outlook — Q4 2017 - 2019 based on forecasted information

Countertops

As per Freedonia's latest report, Global demand for countertops is projected to rise 2.3 percent annually through 2021 to nearly 500 million square meters. Ongoing strong advances in developing markets such as China, India, and Brazil are likely to account for the majority of demand.

As far as USA is concerned, the report forecasts demand for all types of countertops to grow at over 2 percent annually through 2022 to 803 million square feet. Residential remodeling activity are expected to increase given home owner's preference towards bigger kitchens & multiple bathrooms, expanding space devoted to countertops. Further, pick up in construction activity in countertop intensive office, retail, lodging and institutional markets are expected to contribute positively to the demand. Within the segment, Engineered stone is expected to be the fastest growing countertop surface material reaching 152 million square feet in 2022 on yearly advances of 4.5 percent. Growing interest in style, favorable performance and durability are some of the key reasons to drive the growth of Engineered stone.

Demand for Engineered stone countertops grew 28 percent per annum during 2012-17 period, driven to a large extent by higher sales advances in the residential market because of greater availability and the search for alternatives to granite.

Kitchen market which accounted for two-thirds of the global demand in 2016 is expected to remain largest market for countertops on the back of strengthening residential market. In developing countertop markets, the kitchen is often the first place that homeowners choose to install countertops, as competition from pedestal sinks holds strong in bathrooms. Further demand support is expected to emerge from developed markets, such as US, Canada, and Australia, due to rising interest in large kitchens and remodeling kitchens on a regular basis. Another demand driver is the improving non-residential market which though relatively smaller in size compared to residential market is expected to see faster growth till 2021. Faster expected increases in nonresidential building construction activity, as well as rising penetration from a very low level in many developing countertops markets will support advances.

3. Apparel

Revenues from the segment

Year	Revenues (₹ Cr)	% increase/ decrease
FY2017	10	11
FY2018	**9**	**-13**

Overview

The Company's foray in the apparel business was its attempt at de-risking the organisation. The Company markets its products under the brand name 'Stanza'. The entire revenue of this segment is generated from the domestic market.

Highlights

- Pokarna's revenue from the segment was ₹ 9 crore in FY2017-18, an decrease of 13 % over FY2016-17.
- The PBIT from the segment was ₹ 3.17 crore in the year under review.

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.

Risk Management

Policy risk: Increasing the tax rates of polished material to 28% might result in the increase in prices and a shift towards imports and thus could hamper the topline of the company

Mitigation: The Company is adequately hedged against the tax reforms of the country as its granite's revenue from India accounts for only 37% of the topline and its Quartz business is fully export oriented.

Concentration risk: The increasing concentration in a single place could affect the topline of the company in the event of change in external environment.

Mitigation: The Company has presence in more than 60 countries which protects it from the risk of slowing demand in any particular market.

Customer risk: The risk of not being able to reach the customers can affect the market share as well as result in loosing on the potential customers for the Company

Mitigation: The Company has adequate presence in the area of demand. Pokarna has a robust distribution network and is continuously working on increasing the number of distributors.

Competition risk: The competition from Chinese companies could hamper the revenue generating capacity of the company

Mitigation: The Company's consistent focus on the quality has resulted in enhanced revenues. The demand for the Breton Quartz have increased significantly even with the presence of competition due to superior quality.

Currency risk: The sideways movement of the currency could affect the bottomline of the company

Mitigation: The audit committee of the company reviews the forex related issues from time to time and gives the recommendations accordingly.

Raw material availability risk: The risk of not being able to procure adequate raw material could hamper the production capacity of the Company.

Mitigation: The raw material required by Pokarna is available in abundant quantity in India. Almost all of the granite is sourced from own quarries and Quartz is sourced locally which helps the Company to run its production smoothly.

Substitution risk: The rise in demand of substitute products could affect market and hit company's revenues.

Mitigation strategy: Pokarna produces high quality granite and quartz products which have good tensile strength, can last longer and are high in demand. The improving real estate scenario and rising commercial complexes will full result in high demand for the company's product. Also the wide variety offered by Pokarna will result in catering to personalized demand of different customers.

Technology risk: The use of obsolete technology can impact the overall operational efficiency of the Company

Mitigation strategy: Pokarna has deployed world's best technology viz Breton which has resulted in efficient operations and better quality.

Human resources and industrial relations

The Company believes that the quality of the employees is the key to its success and is committed to equip them with skills, enabling them to seamlessly evolve with ongoing technological advancements. During the year, the Company organised training programmes in different areas such as technical skills, behavioural skills, business excellence, general management, advanced management, leadership skills, customer orientation, safety, values and code of conduct.

Internal control systems and their adequacy

The Company's internal audit system has been continuously monitored and updated to ensure that assets are safeguarded, established regulations are complied with and pending issues are addressed promptly. The audit committee reviews reports presented by the internal auditors on a routine basis. The committee makes note of the audit observations and takes corrective actions, if necessary. It maintains constant dialogue with statutory and internal auditors to ensure that internal control systems are operating effectively.

Cautionary statement

The management discussion and analysis report containing your Company's objectives, projections, estimates and expectation may constitute certain statements, which are forward looking within the meaning of applicable laws and regulations. The statements in this management discussion and analysis report could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in the governmental regulations, tax regimes, forex markets, economic developments within India and the countries with which the Company conducts business and other incidental factors.

INVITATION

May 28, 2018

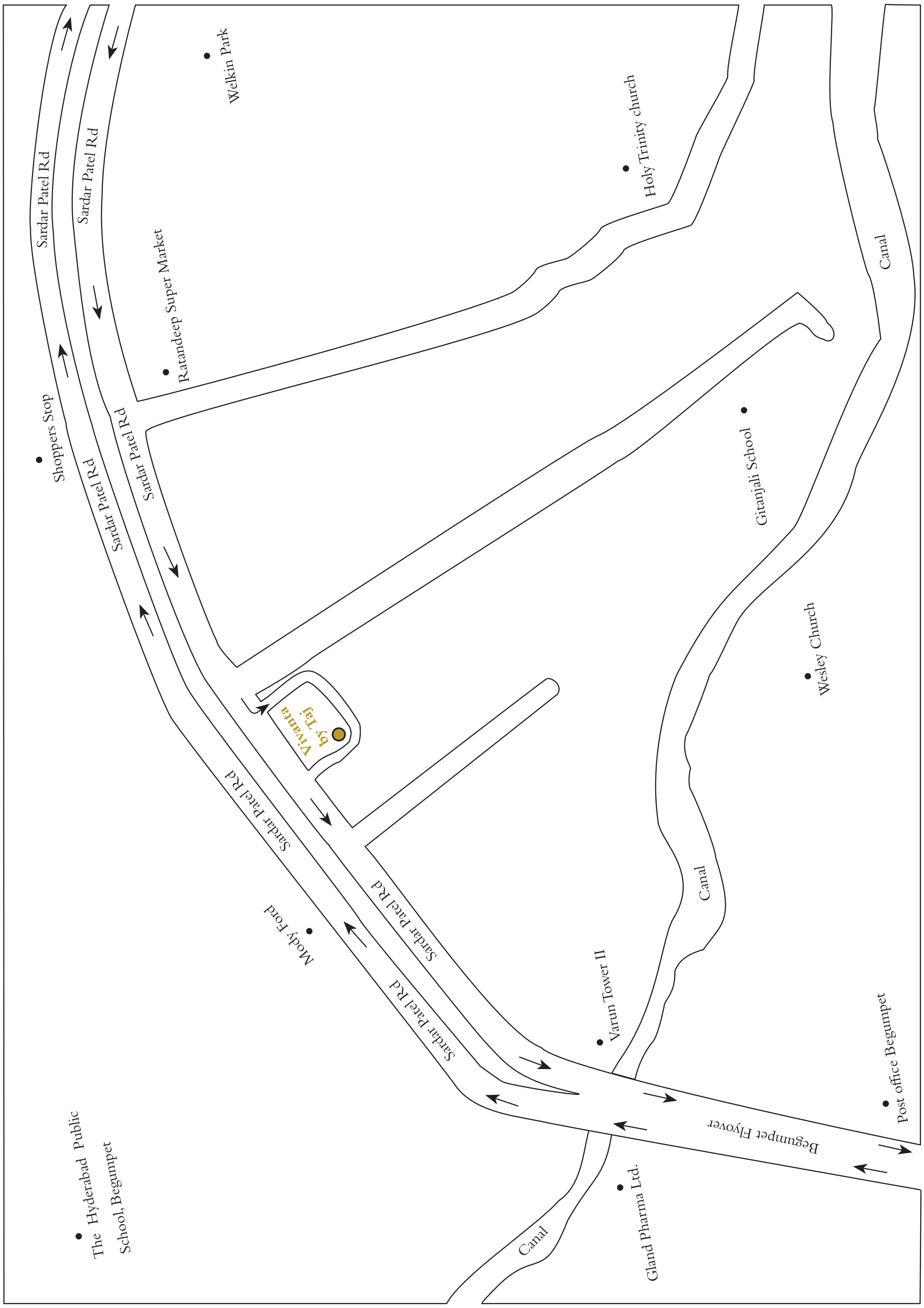
Dear member,

You are cordially invited to attend the 27th Annual General Meeting of the members of Pokarna Limited ('the Company') to be held on Friday, September 14, 2018 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-SEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of Members of Pokarna Limited, will be held on September 14, 2018, Friday, 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:

a) the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2018 and the Reports of the Board of Directors and the Auditors thereon; and

b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2018 and the Report of the Auditors thereon.

Item No. 2 – Declaration of Dividend

To declare final dividend of ₹ 0.60/- per equity share for the Financial Year ended March 31, 2018.

Item No. 3 – Appointment of a Director

To appoint a Director in place of Mr. Rahul Jain (DIN: 00576447), who retires by rotation and, being eligible, seeks re-appointment.

Item No. 4 – Re-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 pursuant to section 139 and 149 and other applicable provisions of the companies act 2013 and the rules made there under , as amended from time to time and pursuant to the recommendation of the audit committee and the board of directors of the company , M/s K.C. Bhattacharjee & Paul (FRN: 303026E) registered with the Institute of Chartered Accountants of India) be and are hereby re-appointed as Statutory Auditors to hold office from the conclusion of 27th Annual General meeting till the conclusion of 31st Annual General Meeting to be held in year 2022 i.e for a period of 4 years commencing from the financial year 2018-19, subject to ratification of their appointment at every Annual General Meeting of the Company,if so required,at such remuneration as may be mutually agreed between the Board of directors and M/s. K. C. Bhattacharjee & Paul, Chartered accountants”.

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 ₹ 1,25,000 plus out-of-pocket expenses payable to Messrs DZR & Co., Cost Accountants (Firm Registration No. 00173 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, 2019”.

Item No.6- Re-Appointment of Mr. Gautam Chand Jain as Chairman and managing director.

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

“RESOLVED THAT pursuant to the recommendation of the nomination and remuneration committee , and approval of the board of directors (“Board”) and subject to the provision of section 196, 197, 198, 203 and other applicable provisions of the companies act, 2013 (“Act”) and the rules made thereunder, as amended from time to time , read with schedule V to this act, the company hereby approves the Re-appointment as well as the payment of salary, commissions and perquisites (hereinafter referred to as “remuneration”) of Mr. Gautam Chand Jain (Din: 00004775) as the Chairman and managing director of the company for the period of 3 (Three) years effective from 01 July, 2018 , not liable to retire by rotation , upon the terms and conditions set out in the explanatory statement annexed to the notice convening this meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year in such manner so as to not exceed the limits specified in the schedule V of the act or such limits specified in the schedule in schedule V of the act or such other limits as may be prescribed from time to time as may be agreed to between the board and Mr. Gautam Chand Jain.

Resolved Further that the remuneration approved hereby to be paid either monthly, quarterly or half yearly or otherwise as may be agreed to between the board and Mr. Gautam Chand Jain.

Registered Office:
105, First Floor, Surya Towers,
S. P. Road, Secunderabad - 500 003.
CIN : L14102TG1991PLC013299
Date :May 28, 2018

By Order of the Board
Sd/-
Gautam Chand Jain
Chairman and
Managing director

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 08, 2018, to September 14, 2018 (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 14, 2018 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 07, 2018. 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 07, 2018, 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. Rahul Jain (DIN: 00576447)	Mr. Gautam Chand Jain (DIN: 00004775)
Date of Birth	09.11.1979	15.08.1955
Date of Appointment	17.09.2001	09.10.1991
Expertise in specific functional areas	Marketing, Corporate Planning, General Corporate Management and Information Technology.	Corporate Planning, Corporate Management and 40 years of industrial expereince.
Qualifications	Graduate from University of Michigan, Ann Arbor, USA	Commerce Graduate

Name of the Director	Mr. Rahul Jain (DIN: 00576447)	Mr. Gautam Chand Jain (DIN: 00004775)
Names of the Companies in which the Directors hold the Directorships/ Memberships of Board Committees:	1) Pokarna Limited 2) Pokarna Engineered Stone Limited 3) Pokarna Fashions Private Limited	1) Pokarna Limited 2) Pokarna Engineered Stone Limited 3) Pokarna Fabrics Private Limited 4) Pokarna Marketing Private Limited 5) Pokarna Fashions Private Limited
Inter se relationship among Directors	Son of Mr. Gautam Chand Jain, Chairman and managing director and spouse of Mrs. Apurva Jain, Executive director	Father of Mr. Rahul Jain, Managing Director and brother of Mr. Prakash Chand Jain, Non Executive director
Number of Shares held in the Company	4,98,500	1,13,49,636

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 visit http://karisma.karvy.com and click on Investors option for query registration through free identity registration process.

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.

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 07, 2018, 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 11, 2018 and will end at 5.00 p.m. on September 13, 2018. 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 Act 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, 2019, at a remuneration of ₹ 1,25,000 plus reimbursement of out-of-pocket expenses.

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, 2019.

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 Re-appointment of Mr. Gautam Chand Jain as Chairman and Managing director.

Based on the recommendation of the nomination and remuneration committee, Mr. Gautam Chand jain was Re-appointed as Chairman and managing director ("CMD") of the company with effect from 01 July, 2018 , subject to the approval of the members .

Pursuant to the provisions of Sections 196, 197, 198 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules framed thereunder read with Schedule V of the Act, the appointment and remuneration of CMD requires approval of the Members in general meeting. The brief resume of Mr. Gautam Chand Jain is provided in Annexure to the Notice. The main terms and conditions relating to the appointment of Mr. Gautam Chand Jain as the CMD are as follows:

(i) Nature of Duties: The CMD shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board of Directors from time to time and separately communicated to him and such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its subsidiaries, joint venture companies and/or associated companies. This includes performing duties as assigned by the Board from time to time by serving on the boards of such subsidiaries, joint venture companies and/or associated companies or any other executive body or any committee of such a company for which he may be allowed to receive remuneration as may be determined by the Board of subsidiaries, joint venture companies and/or associated companies, subject to compliance with the applicable provisions of the prevailing laws and regulations.

(ii) Remuneration:

a. Salary: Maximum of ₹ 10,00,000 (Ten Lacs) per month.

b. Perquisites: In addition to the above Salary, CMD shall be entitled to the following perquisites, which shall not exceed ₹ 2,50,000 per month (in terms of value);

c. Residential Accommodation: CMD shall be provided free furnished residential accommodation with free use of all the facilities and amenities provided by the Company.

d. Medical Reimbursement: Reimbursement of actual medical expenses incurred by the Managing Director and his family.

e. Club Fees: Actual fees of clubs will be paid by the Company.

f. Personal Accident Insurance: Actual premium to be paid by the Company.

g. Car: Facility of one car with driver.

h. Telephone: Free telephone facility at residence including mobile phone.

i. Contribution to provident and superannuation funds: Company's contribution to Provident and Superannuation Funds will be as per the rules of the Company.

j. Gratuity: Not exceeding half months' salary for each completed year of service.

k. Reimbursement of entertainment and all other expenses incurred for the business of the Company as per rules of the Company.

l. Other Allowance/benefits/perquisites: Any other allowance, benefits and perquisites as per the Rules applicable to senior executives of the Company and/or which may be applicable in the future and/or any other allowance, benefit, perquisite as the Board of Directors may decide from time to time.

m. Leave Travel Concession: For the CMD and his family once in a year incurred in accordance with any rules specified by the Company.

Explanation: For the aforesaid purposes "Family" means the spouse and the dependent children of the CMD. Perquisites shall be evaluated as per income Tax Rules, 1962, wherever applicable and in the absence of any such rules, perquisites shall be valued at actual cost. The remuneration set out above will be paid on a monthly basis in accordance with Company's policies.

n. Commission: As the Board of Directors of the Company may, upon recommendation or, if required, approval of the Nomination and Remuneration Committee, at their sole discretion, approve, from time to time, payable quarterly or at other intervals, as may be decided by the Board.

o. Overall Remuneration: The aggregate remuneration in any financial year shall not exceed the limits prescribed from time to time under Sections 197, 198 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, as may, for the time being, be in force.

p. Minimum Remuneration: In the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of remuneration shall be governed by the limits prescribed under Section II, III, IV of Part II of Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof, as may, for the time being, be in force".

None of the Directors and Key Managerial Personnel of the Company and their relatives except Mr. Rahul Jain, Mr. Prakash Chand Jain, Mrs. Apurva Jain and their relatives are concerned or interested, financially or otherwise, in the said resolutions.

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

Registered Office:	By Order of the Board
105, First Floor, Surya Towers, S. P. Road, Secunderabad - 500 003. CIN : L14102TG1991PLC013299 Date :May 28, 2018	Sd/- **Gautam Chand Jain** Chairman and Managing director

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Members,

Your Directors take pleasure in presenting the 27th Annual Report with Audited Accounts for the year ended March 31, 2018.

Financial Highlights

(₹ in Lakhs)

		Standalone		Consolidated	
		2017-18	2016-17	2017-18	2016-17
1.	Total Revenue	14967.92	15374.81	33472.67	37991.97
2.	Less-expenditure	12844.70	12779.06	27958.09	28278.76
3.	Profit/(Loss) Before tax and extra-ordinary items	2123.22	2595.75	5514.58	9713.22
4.	Tax expenses	476.47	666.37	870.75	1992.62
5.	Profit /(Loss)After Tax from continuing operations	1646.75	1929.38	4643.83	7720.60
6.	Profit/(Loss)After Tax from discontinuing operations	(420.05)	(687.72)	(429.97)	(695.09)
7.	Profit after tax for the year	1226.70	1241.66	4213.86	7025.51
8.	Total other comprehensive Income/(Loss) net of tax	45.58	41.29	52.88	33.13
9.	Total comprehensive Income/(Loss)	1272.29	1282.95	4266.74	7058.64

Dividend

The Directors are pleased to recommend the dividend of ₹ 0.60 per equity share for the Financial Year ended March 31, 2018. The dividend is subject to the approval of the Members at the Annual General Meeting ("AGM") scheduled on 14 September, 2018. The total dividend pay-out works out to 15.15% (Financial Year 2016-17: 15%) of the net profit for the standalone results.

The Register of Members and Share Transfer Books will remain closed from September 08, 2018 to September 14, 2018 (Both days inclusive) for the purpose of payment of the dividend for the Financial Year ended March 31, 2018 and the AGM.

Transfer to Reserves

At standalone level no amount is proposed for transfer to the general reserve and an amount of ₹ 1002.81 Lakhs after dividend and tax on dividend ₹ 223.89 Lakhs is proposed to be retained in the profit and loss account. At consolidated level an amount of ₹ 4122.72 Lakhs is proposed to be retained in P&L account after transfer from Debenture Redemption reserve ₹ 132.75 Lakhs and dividend and tax on dividend ₹ 223.89 Lakhs.

Overview and the State of the Company Affairs

During the financial year under review, on a standalone basis, the Company achieved revenue of ₹ 14967.92 Lakhs as against ₹ 15374.81 Lakhs in the previous year, thereby registering a decline of 2.65%. EBIDTA for the year under review was ₹ 3850.19 Lakhs, as against ₹ 4182.73 Lakhs representing a decline of 7.95%. The net profit for the year from continuing operations March 31, 2018 decreased from ₹ 1929.39 Lakhs to ₹ 1646.75 Lakhs, showing a decline of 14.65%. The net profit for the year after discontinuing operations March 31, 2018 decreased from ₹ 1241.66 Lakhs to ₹ 1226.70 Lakhs, showing a decline of 1.20%.

On a consolidated basis, during the financial year under review, the Company achieved revenue of ₹ 33472.67 Lakhs as against ₹ 37991.97 Lakhs in the previous year, thereby registering a decline of 11.90%. EBIDTA for the year under review was ₹ 10294.66 Lakhs, as against ₹ 14639.48 Lakhs representing a decline of 29.68 %. The net profit for the year from continuing operations March 31, 2018 decreased from ₹ 7720.60 Lakhs to ₹ 4643.83 Lakhs, showing a decline of 39.85 %. The net profit for the year after discontinuing operations March 31, 2018 decreased from ₹ 7025.51 Lakhs to ₹ 4213.86 Lakhs, showing a decline of 40.02%. The decreased bottom line translated into decline earnings per share from ₹ 22.66 in 2016-17 to ₹ 13.59 in 2017-18 on a consolidated basis.

Subsiidary Company

PESL

Wholly owned subsidiary, Pokarna Engineered Stone Limited (PESL), to embark on a greenfield project to expand production capacity by 130%. The company completes purchase of 39 acres of land for proposed greenfield project. Land is strategically situated at 25 kms from the Rajiv Gandhi International airport, also at close proximity to inland container depot, Hyderabad and well connected by roads to key domestic ports.

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 2017-18. 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 2017-18.

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 companies will be available on 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 18505.55 Lakhs as against 22617.33 Lakhs in the previous year, thereby registering a decline of 18.18%. EBIDTA for the year under review was 6434.56 Lakhs as against 10449.38 Lakhs in the previous year, representing a decline of 38.42%. The net profit for the year March 31, 2018 decrease from 5783.85 Lakhs to 2987.16 Lakhs, showing a decline of 48.35%.

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, 2018.

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 ₹ 97,18,889 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

a. Director(s) retire by rotation

In accordance with provisions of section 152 of the Companies Act, and Articles of Association of the Company Mr. Rahul Jain, director (DIN:00576447) at the forthcoming annual general meeting of the Company and being eligible, offer himself for re-appointment

b. Key Managerial Personnel

In terms of section 203 of the Companies Act,2013 the following are the Key Managerial Personnel of the Company

i. Mr.Gautam Chand Jain ,Chairman & Managing director

ii. Mr . Rahul Jain, Managing Director

iii. Mr. M.Vishwanath Reddy . Chief financial officer

iv. *Mr. Vinay Paruchuru , Company Secretary upto:06-12-2017.

*During the year under review Mr.Vinay Paruchuru Company secretary has resigned w.e.f 06-12-2017 and the Company has appointed Mr. Mahesh Inani as Company Secretary (w.e.f 28-05-2018).

During the financial year 2017-18, 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 Subsidiary:

S. No.	Particulars	Amount (₹)
1.	Salary	12000000
2.	Perquisites	1110973
3.	Commission	5000000
4.	Total	18110973

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.

c. Independent directors

In terms of sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act,read with Companies (Appointment and Qualification of directors) Rules,2014 (Including any statutory modification(s) or reenactment therof for the time being in force), the independent Director can hold office for a term of upto five (5) consecutive years on the board of directors of the Company and shall not liable to retire by rotation

All independent directors have given declaration that they meet the criteria of independece laid down under section 149(8) of the Act read with regulation 16(b) 0f SEBI (LODR) Regulations,2015

D 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. Thati Venkataswamy Chowdary, Mr. Vinayak Rao Juvvadi and Mr. Mahender Chand, 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. Meka Yugandhar, Mr. Thati Venkataswamy Chowdary, Mr. Mahender Chand, 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. Meka Yugandhar, Mr. Thati Venkataswamy Chowdary, 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 ("LC") 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 LC 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

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 M. 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. K. C. Bhattacharjee & Paul Chartered Accountants (Reg. No. 303026E), the Statutory Auditors of the Company, hold office up to the conclusion of the ensuing AGM are eligible for re-appointment.

The consent of the M/s. K. C. Bhattacharjee & Paul Chartered Accountants and certificate u/s 139 of the Act have been obtained from the Auditors 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.

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, Cost Accountants, Hyderabad, as the Cost Auditors to conduct the cost audit of the quarrying operations of the Company for the financial year 2018-19 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. Chalamareddy Practicing Company Secretary, the Secretarial Auditor of the Company for the financial year 2017-18. 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 Five times during the year to deliberate on various matters. The meetings were held on May 08, 2017, August 03, 2017, September 14, 2017, December 06, 2017 and February 02, 2018. Further details on the Board of Directors are provided in the Corporate Governance Report forming part of this Annual Report.

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 under notes to 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, 2018, 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 Exchange, for their continued support.

For and on behalf of the Board

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

Date :May, 28 2018
Place: Secunderabad

ANNEXURE – I

FORM NO. MGT- 9

Extract of Annual Return

As On The Financial Year Ended On March 31, 2018
[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, 1 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:

S. 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	39.46
2.	Mining and sale of granite blocks	08102	59.58

III. Particulars of Holding, Subsidiary and Associate Companies

S. 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 31/03/2017				No. of Shares Held at the End of the Year 31/03/2018				% 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)
(A)	**Promoter and Promoter Group**									
(1)	**Indian**									
(a)	Individual/HUF	3513777	0	3513777	56.67	17567385	0	17567385	56.66	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
	Sub-Total A(1):	**3513777**	**0**	**3513777**	**56.67**	**17567385**	**0**	**17567385**	**56.66**	**0.00**
(2)	FOREIGN									
(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
	Sub-Total A(2):	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total A=A(1)+A(2)	**3513777**	**0**	**3513777**	**56.67**	**17567385**	**0**	**17567385**	**56.67**	**0.00**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds /UTI	0	0	0	0.00	1000000	0	1000000	3.23	3.23
(b)	Financial Institutions /Banks	8727	0	8727	0.14	17249	0	17249	0.06	-0.09
(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	36241	0	36241	0.58	121048	0	121048	0.39	-0.19
(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
	Sub-Total B(1):	**44968**	**0**	**44968**	**0.73**	**1138297**	**0**	**1138297**	**3.67**	**2.95**
(2)	**Non-Institutions**									
(a)	Bodies Corporate	364112	0	364412	5.87	1399136	0	1399136	4.51	-1.36
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 Lakh	1318182	68526	1386708	22.36	5990196	285120	6275316	20.24	-2.12
	(ii) Individuals holding nominal share capital in excess of ₹ 1 Lakh	5366280	0	536280	8.65	3790278	0	3790278	12.23	3.58
(c)	Others									
	Clearing Members	303480	0	303480	4.89	63854	0	63854	0.21	-4.69
	Non Resident Indians	37714	400	38114	0.61	455914	2000	457914	1.48	0.86
	NRI Non-Repatriation	13361	0	13361	0.22	149475	0	149475	0.48	0.27
	Trusts	0	0	0	0.01	162345	0	162345	0.52	0.52
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2):	**2573129**	**68926**	**2642055**	**42.61**	**12011198**	**287120**	**12298318**	**39.67**	**-2.94**
	Total B=B(1)+B(2):	**2618097**	**68926**	**2687023**	**43.33**	**13149495**	**287120**	**13436615**	**43.34**	**0.00**
	Total (A+B):	**6131874**	**68926**	**6200800**	**100.00**	**30716880**	**287120**	**31004000**	**100.00**	**0.00**
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C):	**6131874**	**68926**	**6200800**	**100.00**	**30716880**	**287120**	**31004000**	**100.00**	

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

Shareholding Pattern of Promoter & Promoter Group Shareholders Between 31/03/2017 and 31/03/2018

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 GAUTAM CHAND JAIN	2337409	37.70	31/03/2017			2337409	37.70
				14/07/2017	500000	Transfer	2837409	45.76
				27/10/2017	11349636	Transfer (Upon Split)	14187045	45.76
				31/03/2018			14187045	45.76
2	K DILIP KUMAR JAIN	500000	8.06	31/03/2017			500000	8.06
				23/06/2017	-500000	Transfer	0	0.00
				31/03/2018			0	0.00
3	RAHUL JAIN	100000	1.61	31/03/2017			100000	1.61
				09/06/2017	-300	Transfer	99700	1.61
				27/10/2017	398800	Transfer (Upon Split)	498500	1.61
				31/03/2018			498500	1.61
4	NEHA JAIN	100000	1.61	31/03/2017			100000	1.61
				27/10/2017	400000	Transfer (Upon Split)	500000	1.61
				31/03/2018			500000	1.61
5	VIDYA JAIN	100000	1.61	31/03/2017			100000	1.61
				27/10/2017	400000	Transfer (Upon Split)	500000	1.61
				31/03/2018			500000	1.61
6	K PRAKASH CHAND JAIN	87842	1.42	31/03/2017			87842	1.42
				27/10/2017	351368	Transfer (Upon Split)	439210	1.42
				31/03/2018			439210	1.42
7	ANJU JAIN	87842	1.42	31/03/2017			87842	1.42
				23/06/2017	500000	Transfer	587842	9.48
				14/07/2017	-500000	Transfer	87842	1.42
				27/10/2017	351368	Transfer (Upon Split)	439210	1.42
				31/03/2018			439210	1.42
8	K ASHOK CHAND JAIN	87842	1.42	31/03/2017			87842	1.42
				27/10/2017	351368	Transfer (Upon Split)	439210	1.42
				31/03/2018			439210	1.42
9	K RAAJ KUMAR JAIN	87842	1.42	31/03/2017			87842	1.42
				27/10/2017	351368	Transfer (Upon Split)	439210	1.42
				31/03/2018			439210	1.42
10	MEGHA JAIN	25000	0.40	31/03/2017			25000	0.40
				27/10/2017	100000	Transfer (Upon Split)	125000	0.40
				31/03/2018			125000	0.40

(ii) Shareholding of Pattern of top ten shareholders (other than Directors, Promoters and holders of ADR's and GDR's)
Shareholding Pattern of Top 10 Shareholders Between 31/03/2017 and 31/03/2018

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	HDFC TRUSTEE CO LTD A/C HDFC HOUSING OPPORTUNITIES	0	0.00	31/03/2017			0	0.00
				16/03/2018	1000000	Transfer	1000000	3.23
				31/03/2018			1000000	3.23
2	ASHISH KACHOLIA	465086	7.50	31/03/2017			465086	7.50
				27/10/2017	1860344	Transfer (Upon Split)	2325430	7.50
				19/01/2018	-46500	Transfer	2278930	7.35
				23/02/2018	-4216	Transfer	2274714	7.34
				31/03/2018			2274714	7.34
3	PCS SECURITIES LTD	300087	4.84	31/03/2017			300087	4.84
				07/04/2017	-300085	Transfer	2	0.00
				05/05/2017	72	Transfer	74	0.00
				12/05/2017	-72	Transfer	2	0.00
				19/05/2017	53	Transfer	55	0.00
				26/05/2017	-30	Transfer	25	0.00
				02/06/2017	-10	Transfer	15	0.00
				09/06/2017	-13	Transfer	2	0.00
				28/07/2017	50	Transfer	52	0.00
				11/08/2017	-50	Transfer	2	0.00
				27/10/2017	-2	Transfer (Upon Split)	0	0.00
				08/12/2017	10	Transfer	10	0.00
				02/02/2018	-10	Transfer	0	0.00
				31/03/2018			0	0.00
4	SECURITIES RESEARCH AND ANALYSIS PVT LTD	0	0.00	31/03/2017			0	0.00
				24/11/2017	199480	Transfer	199480	0.64
				31/03/2018			199480	0.64
5	AIRAVAT CAPITAL TRUST	0	0.00	31/03/2017			0	0.00
				17/11/2017	16336	Transfer	16336	0.05
				24/11/2017	22229	Transfer	38565	0.12
				01/12/2017	17694	Transfer	56259	0.18
				08/12/2017	1306	Transfer	57565	0.19
				15/12/2017	48780	Transfer	106345	0.34
				09/03/2018	6000	Transfer	112345	0.36
				16/03/2018	50000	Transfer	162345	0.52
				31/03/2018			162345	0.52
6	PREM BEHARI VAID	27706	0.45	31/03/2017			27706	0.45
				27/10/2017	110824	Transfer (Upon Split)	138530	0.45
				31/03/2018			138530	0.45
7	SURESH BHATIA	71194	1.15	31/03/2017			71194	1.15
				07/04/2017	-953	Transfer	70241	1.13
				29/09/2017	-10560	Transfer	59681	0.96
				27/10/2017	238663	Transfer (Upon Split)	298344	0.96
				03/11/2017	-50000	Transfer	248344	0.80
				24/11/2017	-70	Transfer	248274	0.80
				01/12/2017	-2459	Transfer	245815	0.79
				05/01/2018	-19344	Transfer	226471	0.73
				12/01/2018	-20392	Transfer	206079	0.66
				31/03/2018			206079	0.66
8	GAURAV LALLUBHAI SANGHVI	50000	0.81	31/03/2017			50000	0.81
				27/10/2017	200000	Transfer (Upon Split)	250000	0.81
				31/03/2018			250000	0.81

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
9	GIRISH NILKANTH KULKARNI	47176	0.76	31/03/2017			47176	0.76
				27/10/2017	188704	Transfer (Upon Split)	235880	0.76
				31/03/2018			235880	0.76
10	SANJIV DHIRESHBHAI SHAH	45874	0.74	31/03/2017			45874	0.74
				07/04/2017	8138	Transfer	54012	0.87
				07/04/2017	-8234	Transfer	45778	0.74
				14/04/2017	-5744	Transfer	40034	0.65
				28/04/2017	40012	Transfer	80046	1.29
				28/04/2017	-40012	Transfer	40034	0.65
				19/05/2017	2625	Transfer	42659	0.69
				19/05/2017	-3200	Transfer	39459	0.64
				26/05/2017	-1373	Transfer	38086	0.61
				02/06/2017	-829	Transfer	37257	0.60
				22/09/2017	-445	Transfer	36812	0.59
				27/10/2017	147248	Transfer (Upon Split)	184060	0.59
				31/03/2018			184060	0.59
11	JIGAR LALCHAND SHAH	45007	0.73	31/03/2017			45007	0.73
				14/04/2017	-2319	Transfer	42688	0.69
				21/04/2017	-1669	Transfer	41019	0.66
				12/05/2017	1090	Transfer	42109	0.68
				19/05/2017	-452	Transfer	41657	0.67
				23/06/2017	-1436	Transfer	40221	0.65
				14/07/2017	1581	Transfer	41802	0.67
				22/09/2017	4580	Transfer	46382	0.75
				20/10/2017	1436	Transfer	47818	0.77
				27/10/2017	191272	Transfer (Upon Split)	239090	0.77
				31/03/2018			239090	0.77
12	NISARG AJAYKUMAR VAKHARIA	41000	0.66	31/03/2017			41000	0.66
				27/10/2017	164000	Transfer (Upon Split)	205000	0.66
				17/11/2017	-22343	Transfer	182657	0.59
				24/11/2017	-18221	Transfer	164436	0.53
				08/12/2017	-164436	Transfer	0	0.00
				31/03/2018			0	0.00
13	SCIL VENTURES LIMITED	34938	0.56	31/03/2017			34938	0.56
				27/10/2017	139752	Transfer (Upon Split)	174690	0.56
				24/11/2017	-174690	Transfer	0	0.00
				31/03/2018			0	0.00
14	PREMIER INVESTMENT FUND LIMITED	29732	0.48	31/03/2017			29732	0.48
				27/10/2017	118928	Transfer (Upon Split)	148660	0.48
				12/01/2018	-20010	Transfer	128650	0.41
				19/01/2018	-5493	Transfer	123157	0.40
				02/02/2018	-18744	Transfer	104413	0.34
				09/02/2018	-651	Transfer	103762	0.33
				23/03/2018	-4564	Transfer	99198	0.32
				31/03/2018			99198	0.32

Note: Details of top ten shareholders as on March 31, 2017 and March 31, 2018 are included in the aforementioned table.

(iii) Shareholding of Directors and Key Managerial Personnel;

Sl. No.	Name	Shareholding as on 01-04-2017		Shareholding as on 31-03-2018		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	23,37,409	37.70	11349636	45.76	8.06
2.	Rahul Jain Managing Director	100000	1.61	498500	1.61	Nil
3.	Prakash Chand Jain Non – Executive Director	87,842	1.42	439210	1.42	NIL
4.	Meka Yugandhar Independent Director	Nil	Nil	Nil	Nil	Nil
5.	Vinayak Rao Juvvadi Independent Director	Nil	Nil	Nil	Nil	Nil
6.	Thati Venkataswamy Chowdary Independent Director	Nil	Nil	Nil	Nil	Nil
7.	Mahender Chand Independent Director	Nil	Nil	Nil	Nil	Nil
8.	Dhanji Lakhamsi Sawla Independent Director (Resign w.e.f December 06, 2017)	Nil	Nil	Nil	Nil	Nil
9.	Apurva Jain Executive Director	Nil	Nil	Nil	Nil	Nil
10.	Viswanatha Reddy Chief Financial Officer	5	-	5	-	Nil

(V) Indebtedness:

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

₹ In Lakhs

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year:				
i) Principal amount	7199.47	1251.58	--	8451.06
ii) Interest due but not paid	10.23	108.99	--	119.22
iii) Interest accrued but not paid	30.78	-	--	30.78
Total (i+ii+iii)	**7240.48**	**1360.57**	**--**	**8601.06**
Change in indebtedness during the financial year				
Addition	1258.25	--	--	1258.25
Reduction	(1947.51)	--	--	(1947.51)
Net Change	**(689.26)**	**--**	**--**	**(689.26)**
Indebtedness at the end of the financial year				
i) Principal amount	6510.21	1360.57	--	7870.79
ii) Interest due but not paid	-	135.87	--	135.87
iii) Interest accrued but not paid	23.68	-	--	23.68
Total (i+ii+iii)	**6533.89**	**1496.44**	**--**	**8030.33**

VI. Remuneration of Directors and Key Managerial Personnel:

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

₹ In Lakhs

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total amount
		Gautam Chand Jain	Rahul Jain	Apurva Jain	
1	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	--	120.00	12.00	132.00
	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	--	--	--	--
	Total (A)	**--**	**120.00**	**12.00**	**132.00**
6	Ceiling as per the Act	₹ 213.08 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:

₹ In Lakhs

S. No.	Particulars of Remuneration	Name of the other Director					Total amount
1	Independent Directors	Meka Yugandhar	Thati Venkataswamy Chowdary	Vinayak Rao Juvvadi	Mahender Chand	Prakash Chand Jain	
	a) Fee for attending Board or Committee meetings	1.00	1.00	0.80	1.00	--	3.80
	b) Commission	3.60	3.60	3.60	3.60	--	14.40
	c) Others, if specify						
	Total (1)	**4.60**	**4.60**	**4.40**	**4.60**	**--**	**18.20**
2	Other Non-Executive Directors						
	a) Fee for attending Board or Committee meetings	--	--	--	--	0.40	0.40
	b) Commission	--	--	--	--	3.60	3.60
	c) Others, if specify	--	--	--	--	--	--
	Total (2)					**4.00**	**4.00**
	Total A = (1+2)	**4.60**	**4.60**	**4.40**	**4.60**	**4.00**	**22.20**
	Total Managerial Remuneration						
	Overall ceiling as per the Act	21.30 Lakhs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)					

* 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:

₹ In Lakhs

S. No.	Particulars of Remuneration	Name of KMP other than MD/WTD/ Manager		Total amount
		Viswanatha Reddy, Chief Financial Officer	Vinay Paruchuru, Company Secretary (Resigned w.e.f 06-12-2017)	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	55.30	5.07	60.37
	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	--	--	--
	Total (A)	**55.30**	**5.07**	**60.37**
6	Ceiling as per the Act	₹ 213.08 Lakhs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

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, 2018.

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 three (3) Thrust Areas for undertaking CSR Projects:

   2.1 Healthcare and sanitation, including but not limited to:

   a) Eradicating poverty, hunger and malnutrition.

   b) Establishment and management of healthcare infrastructure.

   c) Activities concerning or promoting:

      i. specialised medical treatment in any medical institution

      ii. general health care including preventive health care

      iii. safe motherhood

      iv. child survival support programs

      v. better hygiene and sanitation

      vi. adequate and potable water supply, etc.

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

   a) Promoting education, including special education and employment enhancing vocation skills and livelihood enhancement projects

   2.3 Environment, including but not limited to:

   a) 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:**

   1) Meka Yugandhar, Chairman

   2) Gautam Chand Jain, Member

   3) Vinayak Rao Juvvadi, Member

4. **Average net profit of the Company for last three financial years:** ₹ 25,81,73,746

5. **Prescribed CSR expenditure (i.e. 2% of the average net profits) for F.Y. 2017-18:** ₹ 51,63,475

6. **Amount carried forward from previous year:** ₹ 56,83,949

7. **Total amount available to be spent as CSR expenditure:** ₹ 1,08,47,424

Details of CSR spent during the financial year;

a) Total amount spent during F.Y. 2017-18 : ₹ 11,28,535

b) Amount unspent, as on March 31, 2018: ₹ 97,18,889

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

₹ In Lakhs

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 contribution towards dialysis machine	Healthcare and sanitation	Local area Telangana State Hyderabad	5,00,000/-	Direct expenditure	5,00,000/-	Implementing Agency; Bhagwan Mahavir Jain Relief Foundation Trust
2.	Providing purified drinking water.	Healthcare and sanitation	Local area Andhra Pradesh Srikakulam	6,88,000/-	Direct expenditure	6,82,295/-	Direct
3.	Construction of Cause way	Rural Development and Rural Infrastructure	Local area Telangana State Hyderabad	5,06,360/-	Direct expenditure	2,76,240	Direct

For Pokarna Limited

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

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

Date: May 28, 2018
Place: Secunderabad

ANNEXURE – III

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 2017-18, are as under:

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2017-18 (₹ in Lakhs)	% Increase in Remuneration in the Financial Year 2017-18	Ratio of remuneration of each Director/ to median remuneration of employees
a)	Gautam Chand Jain Chairman & Managing Director	--	Nil	NIL
b)	Rahul Jain Managing Director	120.00	Nil	66.67
c)	Apurva Jain Executive Director	12.00	Nil	6.67
d)	Prakash Chand Jain Director	4.00	Nil	2.22
e)	Meka Yugandhar Director	4.60	Nil	2.56
f)	Vinayak Rao Juvvadi Director	4.40	Nil	2.44
g)	Thati Venkataswamy Chowdary Director	4.60	Nil	2.56
h)	Mahender Chand Director	4.60	Nil	2.56
i)	Viswantha Reddy Chief Financial Officer	55.30	Nil	Not applicable
j)	Vinay Paruchuru Company Secretary (Resigned w.e.f: 06-12-2017)	5.07	Nil	Not applicable

(ii) The median remuneration of employees of the Company during the financial year was 1.80 Lakhs.

(iii) In the financial year, there was an increase of 12.03% in the median remuneration of employees;

(iv) There were 604 permanent employees on the rolls of Company as on March 31, 2018;

(v) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was 12.00%.

(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 31-03-2018

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
Hyderabad.

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 31 March, 2018 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 31 March, 2018 ("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, Overseas 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

        b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

        c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not applicable during the audit period.

        d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not applicable during the audit period.

        e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable during the audit period.

        f. 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;

        g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable during the audit period.

        h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not applicable during the audit period. and

        i. The Securities and Exchange Board of India (Listing Obligations Disclosure Requirements) 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. 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.

5. 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 sentat 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.

6. 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.

7. 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

Place: Hyderabad
Date:28.05.2018

K.V. Chalama Reddy
Practising Company Secratary
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' A'

To,
The Members
Pokarna Limited
Hyderabad

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.

Place: Hyderabad
Date: 28.05.2018

K. V. Chalama Reddy
Practising Company Secratary
M. No: 13951, C.P No: 5451

ANNEXURE – V

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 utilisation 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 ₹ 9213.61 Lakhs and expenditure was ₹ 328.52 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 Clause 49 of the Listing Agreements and 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, 2018, the Company has eight Directors. Of the eight Directors, 4 (i.e. 50.00%) are Independent Directors and 1 (i.e. 12.5%) 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 he is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2018 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 other public companies as on March 31, 2018 are given herein below.

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		
Independent Directors							
Mr. Meka Yugandhar	00012265	5	None	4	2	5	Present
Mr. Thati Venkataswamy Chowdary	00010435	3	None	3	1	5	Present
Mr. Vinayak Rao Juvvadi	00229415	2	None	2	--	4	Present
Mr. Mahender Chand	00008449	2	None	2	--	5	Present
Mr. Dhanji Lakhamsi Sawla (Resigned w.e.f 06-12-2017) Non-Executive Director	00007918	2	None	--	--	0	Absent
Mr. Prakash Chand Jain Promoter	00084490	2	Brother of Mr. Gautam Chand Jain	--	--	4	Present
Executive Directors							
Mr. Gautam Chand Jain Chairman & Managing Director cum Promoter	00004775	2	Brother of Mr. Prakash Chand Jain Father of Mr. Rahul Jain / Father in Law of Mrs. Apurva Jain	--	--	5	Present
Mr. Rahul Jain Managing Director cum Promoter	00576447	2	Son of Mr. Gautam Chand Jain / Spouse of Mrs. Apurva Jain	1	--	3	Present
Mrs. Apurva Jain Executive Director	06933924	2	Spouse of Mr. Rahul Jain and Daughter in Law of Mr. Gautam Chand Jain	--	--	5	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) Five (5) meetings of the Board of directors were held during the year. The dates on which said meetings were held are as follows:

May 08, 2017, August 03, 2017, September 14, 2017, December 06, 2017, February, 02, 2018. The necessary quorum was present for all the meetings.

f) During the year 2017-18, 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 31, 2018. 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.

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/2018/08/2017-18.pdf .

k) Details of equity shares of the Company held by the Directors as on March 31, 2018 are given below:

S. No.	Director	Number of shares held
1.	Mr. Gautam Chand Jain, Chairman & Managing Director	14187045
2.	Mr. Rahul Jain Managing Director	498500
3.	Mr. Prakash Chand Jain Non-executive Director	439210

l) The Company has not issued any convertible instruments.

III. Committees of the Board

A. Audit Committee

1. 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.

2. 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.

3. 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.

4. Five (5) AUC meetings were held on May 08, 2017, August 03, 2017, September 14, 2017, December 06, 2017, February 02, 2018 . The necessary quorum was present for all the meetings.

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

S. No.	Name	Position held in the Committee	Attendance
1.	Mr. Meka Yugandhar	Chairman	5
2.	Mr. Thati Venkataswamy Chowdary	Member	5
3.	Mr. Vinayak Rao Juvvadi	Member	4
4.	Mr. Mahender Chand	Member	5

B. Nomination and Remuneration Committee

1. 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.

2. 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.

3. Five (5) NRC meetings were held on May 08, 2017, August 03, 2017, September 14, 2017, December 06, 2017, February 02, 2018. The necessary quorum was present for all the meetings.

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

S. No.	Name	Position held in the Committee	Attendance
1.	Mr. Thati Venkataswamy Chowdary, Independent Director	Chairman	5
2.	Mr. Meka Yugandhar, Independent Director	Member	5
3.	Mr. Mahender Chand, Independent Director	Member	5
4.	Mr. Prakash Chand Jain, Non – Executive Director	Member	4

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

6. 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.

7. Remuneration Policy: The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Chairman & Managing Director and the Executive Directors. The NRC decides on the commission payable to the Chairman & Managing Director, Managing Director 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 Chairman & Managing Director, Managing Director and the Executive Director. During the year 2017-18 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 on September 18, 2017 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.

8. Details of commission & sitting fees paid / to be paid to the Directors is given below:

(₹ in Lacs)

Name of the Director	Sitting fees paid	Commission payable
Independent Directors		
Mr. Meka Yugandhar	1.00	3.60
Mr. Thati Venkataswamy Chowdary	1.00	3.60
Mr. Vinayak Rao Juvvadi	0.80	3.60
Mr. Mahender Chand	1.00	3.60
Non Executive Director		
Mr. Prakash Chand Jain ^	0.40	3.00
Executive Director		
Mr. Gautam Chand Jain	Nil	Nil
Mr. Rahul Jain	Nil	Nil
Mrs. Apurva Jain	Nil	Nil

9. The details of remuneration paid to the Executive Directors are as follows:

(₹ in Lacs)

Name of the Director	All elements of remuneration package i.e. salary, perquisites and benefits, etc.,	Performance linked incentives (commission) along with performance criteria #
Mr. Gautam Chand Jain Chairman & Managing Director	0.00	Nil
Mr. Rahul Jain Managing Director	120.00	Nil
Mrs. Apurva Jain Executive Director	12.00	Nil

10. The terms and conditions with regard to appointments of Chairman & Managing Director and Executive Directors 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 Chairman & Managing Director/ Executive Directors.

C. Stakeholder Relationship Committee

1. 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.

2. 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

3. During the year under review, no SRC meetings were held.

4. The SRC comprises of three (3) Directors. The composition of the Committee and the attendance details of the members are given below:

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

D. Mr. Vinay Paruchuru, Company Secretary, Resigned w.e.f 06-12-2017 he was the Secretary for the meeting of Board and Committees held up to September 14,2017 .

E. Details of investor complaints received and redressed during the year 2017- 18 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

1. 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.

2. Three (3) CSRC meetings were held on August 03, 2017, September 14, 2017 & February 02, 2018. The necessary quorum was present for the meeting.

3. The CSRC comprises of three (3) Directors. The composition of the CSRC and the attendance details of the members are given below:

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

4. A report containing the details on activities taken up during the year 2017-18 and composition of CSRC, is enclosed as Annexure II to Directors Report.

(II) Loans Committee

1. The Loans Committee ("LOC") is constituted in line with the provisions of with section 179 of the Companies Act, 2013.

2. The broad terms of reference of the LOC are as under:

   - approving borrowings by the Company within the limit specified;

3. Four LOC meetings were held on July 18, 2017, September 01, 2017 , October 27 ,2017 and December 07, 2017. The necessary quorum was present for all the meetings.

4. The LOC comprises of three (3) Directors. The composition of the LC and the attendance details of the members are given below:

S. No.	Name	Position held in the Committee	Attendance
1.	Mr. Meka Yugandhar, Independent Director	Chairman	4
2.	Mr. Gautam Chand Jain, Chairman & Managing Director	Member	4
3.	Mr. Prakash Chand Jain,Non-executive Director	Member	4

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, 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.
March 31, 2017	September 18, 2017	10.30 a.m.	Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India – 500016	No Special resolutions were passed

2) There were no special resolutions passed during the year 2017-18 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 Mana telangana. 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
Friday, September 14, 2018, 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, 2017 to March 31, 2018

c) Dividends for FY 2017–18:

The final dividend, if declared, shall be paid / credited on or after September 14, 2018

d) Listing:

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

Name & Address of the Stock Exchange	Segment	Stock/Scrip Code/ Symbol	ISIN number for NSDL/ CDSL
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001	Equity	532486	INE637C01025
NSE of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai- 400 051	Equity	POKARNA	

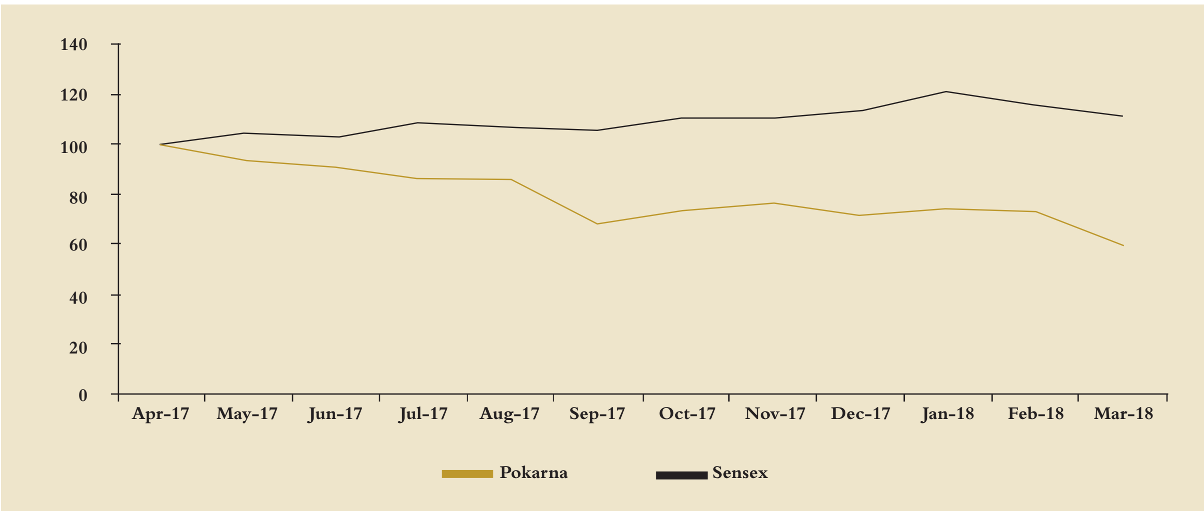
The applicable listing fees has been paid to the Stock Exchange before the due date.

e) Market Price Data:

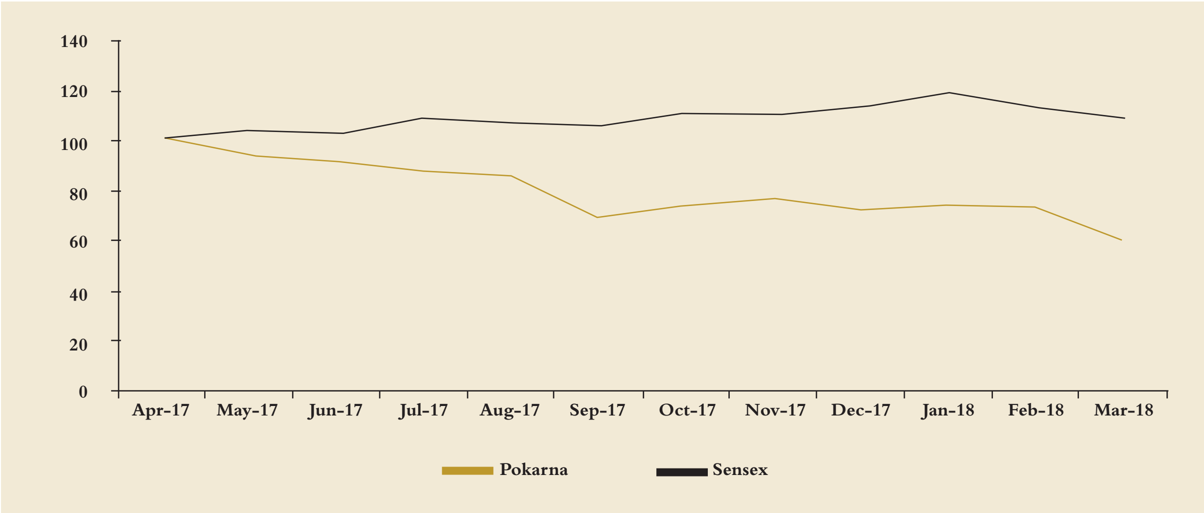
The monthly high and low prices of Pokarna Limited at BSE for the year ended March 31, 2018 are as follows

Month	BSE		NSE	
	High	Low	High	Low
Apr-17	323.00	210.54	323.60	210.00
May-17	320.04	265.40	320.40	269.00
Jun-17	294.00	261.99	294.99	262.03
Jul-17	285.00	256.40	287.00	255.11
Aug-17	278.00	231.77	267.80	231.00
Sep-17	260.53	171.00	261.00	231.00
Oct-17	230.00	200.21	219.80	202.99
Nov-17	240.15	213.00	242.00	212.05
Dec-17	235.75	188.00	233.00	196.90
Jan-18	275.25	212.90	274.70	212.00
Feb-18	225.00	195.00	225.00	195.70
Mar-18	220.95	176.75	218.00	176.00

f) Pokarna Limited's Share Price at the BSE versus the Sensex for the year 2017-18 is as follows:



g) Pokarna Limited's Share Price at the NSE versus the Nifty for the year 2017-18 is as follows:



For the Purpose of the chart:

i) The closing values of the shares prices 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:

99.07% 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) Distribution of Shareholding by size class as on March 31, 2018:

Distribution of Shareholding as on 31/03/2018 (TOTAL)					
S. No	Category	Cases	% of Cases	Amount	% Amount
1	1 - 5000	15469	96.64	7805084.00	12.59
2	5001 - 10000	278	1.74	2082632.00	3.36
3	10001 - 20000	144	0.90	2171404.00	3.50
4	20001 - 30000	36	0.22	876572.00	1.41
5	30001 - 40000	28	0.17	1003300.00	1.62
6	40001 - 50000	5	0.03	224240.00	0.36
7	50001 - 100000	18	0.11	1303386.00	2.10
8	100001 and above	29	0.18	46541382.00	75.06
	Total:	**16007**	**100.00**	**62008000.00**	**100.00**

Distribution of shareholding by ownership as on March 31, 2018:

Category	Shares held (No.)	% of holding
Promoters	17,567,385	56.661673
Resident Individuals	9,572,582	30.875313
Bodies Corporates	1,382,284	4.458405
Mutual Funds	1,000,000	3.225390
Non Resident Indians	457,914	1.476951
H U F	450,671	1.453590
Trusts	162,345	0.523626
Non Resident Indian Non Repatriable	150,165	0.484341
Foreign Portfolio Investors	121,048	0.390427
Clearing Members	63,087	0.203480
Transit	32,045	0.103358
Nbfc	27,225	0.087811
Total	**31004000**	**100.00**

l) Shares held in Physical and Dematerialized Form:

Equity shares of the Company representing 99.07% of the Company's equity share capital are dematerialized as on March 31, 2018. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE637C01025.

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

S. No.	Sy. No.	Village	Mandal	District	State	Color
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	Sulatanabad	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.	568/1,575/2(P), 621/2(P)	Subramanyapuram	Sivakasi	Virudnagar	Tamilnadu	Golden Dream
17.	978	Bommareddypally	Dharmaram	Peddapally	Telangana	Sapphire Blue

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, 1 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 2017-18, 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:

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

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

Item	Regulation	Complaince Status
The Board	A	The Company has executive Chairman, hence compliance of this Clause does not arise.
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.
Modified opinion(s) in audit report	C	Complied - the audit report for F.Y. 2017-18 is unmodified
Separate posts of chairperson and chief executive officer	D	Not complied
Reporting of internal auditor	E	Complied

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, 2018.

For Pokarna Limited.

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

Date: May 28, 2018
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 F.Y. 2017-18 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:

1) that there are no significant changes in internal control over financial reporting during the year;

2) that there are significant changes in accounting policies during the year on account of Ind AS adoption and the same has been disclosed in the notes to the financial statement and

3) that there are no 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	**M.Viswanatha Reddy**
Date: May 28, 2018	Chairman & Managing Director	Chief Financial officer
Place: Secunderabad	DIN: 00004775	

AUDITORS' CERTIFICATE CORPORATE GOVERNANCE

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

To
The Members of Pokarna Limited.

We have examined the compliance of conditions of corporate governance by Pokarna Limited ("the Company"), for the year ended on March 31, 2018 as stipulated under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations), for the financial year ended March, 31, 2018.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above referred Listing Regulations.

We further 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 **K.C Bhattacharjee & Paul**
Chartered Accountants
(F.No. 303026E)

Sd/-
Manoj Bhiani
Partner
Membership No. 234629

Date: May 28, 2018
Place: Secunderabad

INDEPENDENT AUDITORS' REPORT

To
The Members of
Pokarna Limited

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of Pokarna Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (collectively referred to as the 'standalone Ind AS financial statements').

Managements Responsibility for the Standalone Ind AS 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 of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India.

   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 standalone Ind AS financial statements.

Auditors Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS 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 the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS 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 standalone Ind AS financial statements. The procedures selected depend on the auditors judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS 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 Ind AS 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 Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity 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 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

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 Company and the operating effectiveness of such controls, refer to our separate report in Annexure B.

g) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 33 to the standalone Ind AS financial statements;

ii. 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;

iii. 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, 2018.

For K.C. Bhattacharjee & Paul.,
Chartered Accountants
(ICAI FRN: 303026E)

(Manoj Kumar Bihani)
Partner
Membership No. 234629

Place: Hyderabad
Date: 28.05.2018

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 of the Independent Auditors Report of even date to the members of Pokarna Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2018

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) 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.

(c) (i) 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. 3 on Property Plant and Equipment to the standalone Ind AS financial statements are held in the name of the company as at the balance sheet date, except as stated in the table below:

Particulars of land	Gross Block as at March 31, 2018 (March 31,2017) (in Lakhs)	Net Block as at March 31,2018 (March 31, 2017) (in Lakhs)	Remarks
Freehold land to the extent of 41.94 acres (py. 42.92 acres) at various locations	44.22 (92.10)	44.22 (92.10)	The title deeds are pending for execution in favour of the Company.

2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

(b) 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.

3. 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.

4. According to the information and explanations given to us, the company has provided the security by way of pledging of equity shares of its subsidiary, Pokarna Engineered Stone Limited, to its lenders to avail credit facilities. In our opinion it is in compliance with the provisions of Section 186 of the Companies Act, 2013.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

6. 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.

7. (a) 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 ₹ Nil crores (previous year - ₹ 2.68 crores) for a period of more than six months from the date they became payable as at 31 March, 2018.

(b) 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, 2018 which have not been deposited on account of a dispute are as follows:

(₹ in Lakhs)

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	205.42 (169.04)	2007-2017	Customs, Excise & Service Tax appellate tribunal and Superintendent of Service Tax	5.57 (5.57)
2	Central Excise Act,1944	Excise Duty	148.84 (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 (75.91)	2003-11	Customs, Excise & Service Tax Appellate tribunal	Nil
4	Income Tax Act,1961	Income Tax	204.22 (204.22)	2000-01 to 2002-03, 2005-06, 2015-16	High Court of Andhra Pradesh & Commissioner of Income Tax	Nil
5	AP Vat Act, 2005 & Central Sales Tax Act,1956	VAT & CST	14.40 (37.73)	2011-12 & 2013-14	Deputy Commissioner of Commercial Taxes	Nil (2.69)
	Total		**648.79 (636.59)**			**5.57 (8.26)**

(Previous year in brackets)

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 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 standalone Ind AS financial statements as required under Indian Accounting Standards (IAS) 24, 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 K.C. Bhattacharjee & Paul.,
Chartered Accountants
(ICAI FRN: 303026E)

(Manoj Kumar Bihani)
Partner
Membership No. 234629

Place: Hyderabad
Date: 28.05.2018

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

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 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 Ind AS 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 Ind AS 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 Ind AS 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, 2018, 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 K.C. Bhattacharjee & Paul.,
Chartered Accountants
(ICAI FRN: 303026E)

(Manoj Kumar Bihani)
Partner
Membership No. 234629

Place: Hyderabad
Date: 28.05.2018

BALANCE SHEET

(₹ in Lakhs)

	Note	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
I Non-current assets				
(a) Property, plant and equipment	3	9244.85	11138.91	8686.61
(b) Capital work-in-progress		1.45	188.11	1334.27
(c) Intangible assets	3	192.26	97.87	-
(d) Financial assets				
(i) Investments	4	6115.88	6115.88	6115.88
(ii) Loans	5(A)	350.05	585.32	566.07
(iii) Other financial assets	6(A)	191.95	194.35	249.17
(e) Other non-current assets	7(A)	2.14	186.73	348.39
Total non-current assets		**16098.58**	**18507.17**	**17300.39**
II Current assets				
(a) Inventories	8	2501.48	3352.64	3987.53
(b) Financial assets				
(i) Trade receivables	9	2217.77	2059.03	3229.63
(ii) Cash and cash equivalents	10	221.45	196.31	166.65
(iii) Bank balances other than (ii) above	11	383.83	389.04	530.26
(iv) Loans	5(B)	210.59	306.01	290.88
(v) Other financial assets	6(B)	12.37	22.35	29.19
(c) Current tax assets	12	5.30	5.30	5.30
(d) Other current assets	7(B)	442.09	262.19	192.74
Total current assets		**5994.88**	**6592.87**	**8432.18**
III Assets held for sale and discontinued operations	34	**2737.99**	**-**	**-**
Total Assets		**24831.45**	**25100.04**	**25732.57**
EQUITY AND LIABILITIES				
I Equity				
(a) Equity share capital	13	620.08	620.08	620.08
(b) Other equity	14	12705.00	11656.61	11119.97
Total equity		**13325.08**	**12276.69**	**11740.05**
Liabilities				
II Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	15(A)	4105.31	4892.67	3746.44
(b) Provisions	17(A)	174.14	250.83	179.84
(c) Deferred tax liabilities (net)	18	650.35	767.47	721.11
(d) Other non-current liabilities	19(A)	24.33	-	-
Total non-current liabilities		**4954.13**	**5910.97**	**4647.39**
III Current liabilities				
(a) Financial liabilities				
(i) Borrowings	15(B)	2513.15	2257.83	3243.27
(ii) Trade payables	20	854.86	1179.13	1409.99
(iii) Other financial liabilities	16	1354.74	1484.44	1327.54
(b) Other current liabilities	19(B)	1053.31	1536.87	2400.60
(c) Provisions	17(B)	17.11	19.59	97.34
(d) Current tax liabilities (net)	21	104.72	434.52	866.39
Total current liabilities		**5897.89**	**6912.38**	**9345.13**
IV Liabilities held for sale and discontinued operations	34	654.35	-	-
Total Equity and Liabilities		**24831.45**	**25100.04**	**25732.57**
Notes forming part of the financial statements	1 - 41			

In terms of our report attached

For K.C.Bhattacharjee & Paul
Chartered Accountants
(F.No.303026E)

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 28 May, 2018

For and on behalf of Board of Directors

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

Meka Yugandhar
Director
(D.No: 00012265)

Rahul Jain
Managing Director
(D.No: 00576447)

Apurva Jain
Executive Director
(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

	Note	Year ended March 31, 2018	Year ended Marc h 31, 2017
CONTINUING OPERATIONS			
I Revenue from operations	22	14758.46	14853.56
II Other income	23	209.46	521.25
III Total income		**14967.92**	**15374.81**
IV Expenses:			
a) Cost of raw material consumed	24	1561.17	1236.72
b) Purchase of stock-in-trade		90.28	61.99
c) Changes in stock of finished goods, work-in-progress and stock-in-trade	25	13.62	224.89
d) Excise duty		83.60	254.99
e) Employee benefits expense	26	2149.70	2208.64
f) Depreciation and amortization expense	27	983.24	853.74
g) Finance costs	28	743.74	733.23
h) Other expenses	29	7219.36	7204.85
Total expenses		**12844.71**	**12779.05**
V Profit before tax (III-IV)		**2123.21**	**2595.76**
VI Tax expense:	30		
a) Current tax		542.16	558.12
b) Deferred tax		(65.70)	108.25
Total tax expense		**476.46**	**666.37**
VII Profit after tax from continuing operations (V-VI)		**1646.75**	**1929.39**
VIII DISCONTINUED OPERATIONS			
(Loss) from discontinued operations before tax		(390.00)	(771.47)
Tax expense of discontinued operations		30.05	(83.74)
(Loss)after tax from discontinued operations		**(420.05)**	**(687.73)**
IX Profit for the year (VII+VIII)		**1226.70**	**1241.66**
X Other comprehensive income / (loss)			
(i) Items that will not be reclassified to profit or loss		69.71	63.14
(ii)Income tax relating to items that will not be reclassified to profit or loss		(24.12)	(21.85)
Total other comprehensive income		**45.59**	**41.29**
XI Total comprehensive income / (loss) for the year (IX+X)		**1272.29**	**1282.95**
XII Earnings per share for continuing operations (in ₹)	31	5.31	6.22
XIII Earnings per share for discontinued operations (in ₹)		(1.35)	(2.22)
XIV Earnings per share - Basic and Diluted (in ₹)		3.96	4.00
XV Nominal Value of share (in ₹)		2.00	2.00
Notes forming part of the financial statements	1 - 41		

In terms of our report attached

For K.C.Bhattacharjee & Paul
Chartered Accountants
(F.No.303026E)

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 28 May, 2018

For and on behalf of Board of Directors

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

Meka Yugandhar
Director
(D.No: 00012265)

Rahul Jain
Managing Director
(D.No: 00576447)

Apurva Jain
Executive Director
(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Equity shares			
Balance at the beginning of the year	620.08	620.08	620.08
Changes during the year	-	-	-
Balance at the end of the year	**620.08**	**620.08**	**620.08**

B. Other equity

(₹ in Lakhs)

	General Reserve	Retained earnings	Share Premium	Other Comprehensive Income	Total Equity
Balance as at 01.04.2017	980.36	10561.00	73.96	41.29	11656.61
Profit for the year	-	1226.70	-		1226.70
Movement in OCI (Net) during the year				45.59	45.59
Dividend		(186.02)			(186.02)
Tax on dividend		(37.88)			(37.88)
Balance as at 31.03.2018	**980.36**	**11563.80**	**73.96**	**86.88**	**12705.00**

(₹ in Lakhs)

	General Reserve	Retained earnings	Share Premium	Other Comprehensive Income	Total Equity
Balance as at 01.04.2016	980.36	10065.65	73.96	-	11119.97
Profit for the year		1241.66			1241.66
Movement in OCI (Net) during the year				41.29	41.29
Dividend		(620.08)			(620.08)
Tax on dividend		(126.23)			(126.23)
Balance as at 31.03.2017	980.36	10561.00	73.96	41.29	11656.61

In terms of our report attached

For K.C.Bhattacharjee & Paul
Chartered Accountants
(F.No.303026E)

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 28 May, 2018

For and on behalf of Board of Directors

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

Rahul Jain
Managing Director
(D.No: 00576447)

M Viswanatha Reddy
Chief Financial Officer

Meka Yugandhar
Director
(D.No: 00012265)

Apurva Jain
Executive Director
(D.No: 06933924)

STATEMENT OF CASH FLOW

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxes	2123.21	2595.76
Adjustments:		
Depreciation and amortization expense	983.24	853.74
Loss/(profit) on sale of fixed assets	97.21	(6.18)
Unrealized foreign exchange (gain) / loss, net	(82.97)	(138.41)
Provision for doubtful debts	18.09	43.18
Finance costs	743.74	733.23
Interest income	(27.30)	(58.86)
Re–measurement Gain/losses on employee defined benefit plans	37.96	60.05
Deferred income - Government grant	(0.85)	-
Operating profit before working capital changes	**3892.33**	**4082.51**
Changes in working capital and other provisions:		
Trade receivables	(241.75)	1137.34
Inventories	236.07	440.02
Loans and advances and other assets	63.08	268.71
Other Liabilities and provisions	(283.09)	(904.72)
Cash generated from operations	**3666.64**	**5023.86**
Income taxes paid, net	(872.42)	(989.81)
Net cash from/(used in) operating activities	**2794.22**	**4034.05**
Net cash from discontinued activities	(40.97)	(210.01)
Net Cash from continuing and discontinued activities	**2753.25**	**3824.04**
(B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and Intangible assets	(971.02)	(2465.76)
Proceeds from sale of property, plant and equipment	17.40	7.83
Interest income	27.30	58.85
Net cash from /(used in) investing activities	**(926.32)**	**(2399.08)**
Net cash from discontinued activities	(148.20)	(139.21)
Net Cash from continuing and discontinued activities	**(1074.52)**	**(2538.29)**

STATEMENT OF CASH FLOW

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	75.78	(689.27)
Other borrowings	(150.38)	957.27
Interest expense	(743.74)	(733.23)
Dividend paid	(223.90)	(746.31)
Net cash generated in financing activities	**(1042.24)**	**(1211.54)**
Net cash from discontinued activities	(72.40)	(92.35)
(net of amount received from Granite division of ₹ 842.86 Lakhs, p.y. ₹ 408.47 Lakhs)		
Net cash from continuing and discontinued activities	**(1114.64)**	**(1303.89)**
Net increase/ (decrease) in cash and cash equivalents	**564.09**	**(18.14)**
Add: cash and cash equivalents at the beginning of the year	(1374.07)	(1413.88)
Effect of exchange gain on cash and cash equivalents	80.23	57.95
Cash and cash equivalents at the end of the period	**(729.75)**	**(1374.07)**
Cash and cash equivalents from continuing operations (refer note 10.1)	**(729.34)**	**(1374.07)**
Cash and cash equivalents from discontinued operations	**(0.41)**	**-**
Cash and cash equivalents from continuing and discontinued activities	**(729.75)**	**(1374.07)**

In terms of our report attached

For K.C.Bhattacharjee & Paul
Chartered Accountants
(F.No.303026E)

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 28 May, 2018

For and on behalf of Board of Directors

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

Meka Yugandhar
Director
(D.No: 00012265)

Rahul Jain
Managing Director
(D.No: 00576447)

Apurva Jain
Executive Director
(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

NOTES TO STANDALONE FINANCIAL STATEMENTS

1. Notes to Financial Statements for the Year ended 31 March, 2018

Brief Background of the Company

Pokarna Limited (the "Company") is a public limited company incorporated under the Companies Act,1956 and existing under the provisions of the Companies Act, 2013. The Company's registered office is at Secunderabad, Telangana, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The company is principally engaged in the business of quarrying, manufacturing & processing and selling of Granite & manufacturing and selling of Apparel under the brand name 'Stanza'. Granite manufacturing & processing units are 100% EOU's.

The financial statements as at March 31, 2018 are approved for issue by the Company's Board of Directors on May 28, 2018.

2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below.

Such accounting policies have been applied consistently to all the periods presented in these financial statements and in preparing the opening Ind AS Balance Sheet as at April 1, 2016 for the purpose of transition to Ind AS, unless otherwise indicated.

A Statement of compliance and basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014. These financial statements for the year ended March 31, 2018 are the first the Company has prepared in accordance with Ind AS. Refer note.41 for information on how the Company adopted Ind AS.

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

(i) certain financial assets are measured either at fair value or at amortized cost depending on the classification;

(ii) employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation; and

(iii) assets held for sale – measured at lower of carrying amount or fair value less cost to sell.

In accordance with Ind As 101 "First time adoption of Indian Accounting Standard", the Company has presented a reconciliation from the presentation of financial statements under accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of total equity as at April 1, 2016 and March 31, 2017 and total comprehensive income for the year ended March 31, 2017.

B Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle

(ii) Held primarily for the purpose of trading

(iii) Expected to be realized within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle

(ii) It is held primarily for the purpose of trading

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

C Critical estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reflected in the financial statements and accompanying notes, and related disclosure of contingent assets and liabilities. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and could have a materially adverse effect on reported results. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

The areas involving critical estimates or judgements are:

(i) Assessment of functional currency

(ii) Estimation of provision for decommissioning and restoration liabilities

(iii) Recognition of stripping activity asset

(iv) Assets and obligations relating to employee benefits

D Property, plant and equipment

An item of property, plant and equipment is recognized as an asset if it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. This recognition principle is applied to the costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognized in the statement of profit and loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognized. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Trial run expenses (net of revenue) are capitalized. Borrowing costs incurred during the period of construction is capitalized as part of cost of the qualifying assets.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognized in the statement of profit and loss.

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

Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

E Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation or amortization is provided so as to write off, on a straight line basis, the cost of property, plant and equipment and other intangible assets, including those held under finance leases to their residual value. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period, if shorter. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. No further charge is provided in respect of assets that are fully written down but are still in use.

Depreciation on assets under construction commences only when the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are determined with reference to Schedule II to the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Freehold land is not depreciated.

F Intangible assets

(i) Intangible assets are stated at cost less accumulated amortization or impairment. Intangible assets are amortized on their estimated useful life of assets.

(ii) Stripping costs

The Company separates two different types of stripping costs that are incurred in surface mining activity:

(a) Developmental stripping costs and

(b) Production stripping costs

Developmental stripping costs which are incurred in order to obtain access to quantities of mineral reserves that will be mined in future periods are capitalized as part of mining assets. Capitalization of developmental stripping costs ends when the commercial production of the mineral reserves begins.

Production stripping costs are incurred to raw granite in the form of inventories and/or to improve access to deeper levels of material. Production stripping costs are accounted for as inventories to the extent the benefit from production stripping activity is realized in the form of inventories.

The Company recognizes a stripping activity asset in the production phase if, and only if, all of the following are met:

NOTES TO STANDALONE FINANCIAL STATEMENTS

(i) It is probable that the future economic benefit (improved access to the mine) associated with the stripping activity will flow to the Company

(ii) The Company can identify the component of the mine for which access has been improved and

(iii) The costs relating to the improved access to that component can be measured reliably

Such costs are presented within mining assets (Intangible Assets). After initial recognition, stripping activity assets are carried at cost less accumulated amortization and impairment. The Stripping activity assets are amortized based on cost of inventory produced compared with expected cost.

G Provision for decommissioning, site restoration and environmental costs

Under Ind AS, cost of an item of property, plant and equipment or intangible assets includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. Such cost of decommissioning, restoration or similar liability is to be added to or deducted from the cost of the asset to which it relates; the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life.

The Company has liabilities related to restoration of mines and other related works, which are due upon the closure of certain of its production sites.

Such liabilities are estimated case-by-case based on available information, taking into account applicable local legal requirements. The estimation is made using existing technology, at current prices, and discounted using a discount rate where the effect of time value of money is material. The effect of the time value of money on the restoration and environmental costs liability is recognized in the statement of profit and loss.

Transition to Ind AS:

A first-time adopter will not need to estimate what provision would have been calculated at earlier reporting dates. Instead, the decommissioning, site restoration and environmental liabilities are calculated at the date of transition and it is assumed that the same liability (adjusted only for the time value of money) existed when the asset was first acquired/ constructed. The liability so estimated is grouped under provisions.

H Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through statement of profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for trade receivables.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected in a separate line in the statement of profit and loss as an impairment gain or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of assets, impairment losses recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

I Leases

The Company determines whether an arrangement contains a lease by assessing whether the fulfilment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to the Company in return for payment. Where this occurs, the arrangement is deemed to include a lease and is accounted for either as finance or operating lease.

Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(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 unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

(ii) Finance lease – Finance leases are capitalized 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 recognized in the statement of profit and loss over the period of the lease.

J Financial instruments

(i) Financial assets

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

The Company's financial assets include security deposits, cash and cash equivalents, trade receivables and deposits with banks. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Investment in subsidiaries:

The Company has accounted for its investments in subsidiaries at cost.

(ii) Financial liabilities

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other

NOTES TO STANDALONE FINANCIAL STATEMENTS

payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company financial liabilities include Loans and borrowings and trade and other payables.

K Cash and bank balances

Cash and bank balances consist of:

(i) Cash and cash equivalents - which includes cash in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have maturities of less than three months from the date of such deposits. These balances with banks are unrestricted for withdrawal and usage.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdraft but including other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(ii) Other bank balances - which includes balances and deposits with banks that are restricted for withdrawal and usage.

L Employee benefits

(i) Short term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid towards bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Post -employment benefits:

Defined contribution plans:

Provident Fund

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Employer contribution is charged to statement of profit and loss. Amounts collected under the provident fund plan are deposited with in a Government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

Employee state Insurance Scheme

Eligible employees of the Company are covered under "Employees State Insurance Scheme Act 1948", which are also defined contribution schemes recognized and administered by Government of India.

The Company's contributions to these schemes are recognized as expense in statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligation under these plans beyond its monthly contributions.

Defined benefit plans:

The Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company. Liability with regard to the Gratuity Plan is determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity Scheme.

The Company recognizes the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognized in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments is recognized in the statement of profit and loss.

Other long-term employee benefits

The liabilities for compensated absences which are not expected to occur within twelve months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income and are not reclassified to profit and loss in the subsequent periods.

M Inventories

Inventories are valued at lower of cost and net realizable value. Cost of raw materials, Stores and Spares, Consumables and Packing materials are valued at Cost on First-In-First-Out (FIFO) basis. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition on normal operating capacity. The cost of finished goods and work in progress includes raw materials, direct labour, other direct costs and appropriate portion of variable and fixed overhead expenditure, computed on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The company assess the valuation of Inventories at each reporting period and write down the value for different finished goods based on their quality classes and ageing. Inventory provisions are provided to cover risks arising from slow-moving items, discontinued products, and net realizable value lower than cost. The process for evaluating these write-offs often requires us to make subjective judgments and estimates, based primarily on historical experience, concerning prices at which such inventory will be able to be sold in the normal course of business, to the extent each of these factors impact the Company's business.

N Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

O Government grants

Government grants related to expenditure on property, plant and equipment are credited to the statement of profit and loss over the useful lives of qualifying assets or other systematic basis representative of the pattern of fulfilment of obligations associated with the grant received. Total grants received less the amounts credited to the statement of profit and loss at the balance sheet date are included in the balance sheet as deferred income.

P Non-current assets held for sale

Non-current assets comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in the statement of profit and loss. Gains are not recognized in excess of any cumulative impairment loss.

NOTES TO STANDALONE FINANCIAL STATEMENTS

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation. The post-tax profit or loss of the discontinued operation together with the gain or loss recognized on its disposal are disclosed as a single amount in the statement of profit and loss, with all prior periods being presented on this basis.

Q Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of profit and loss except relating to items recognized directly in equity or in other comprehensive income.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income Tax Act, 1961. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognized and carried forward only if it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Minimum Alternate Tax credit is recognized as deferred tax 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.

R Revenue

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company.

The specific recognition criteria described below must also be met before revenue is recognized:

Goods Sold: Revenue from sale of goods are recognized when significant risks and rewards are transferred in accordance with the terms of sale, and there is no unfulfilled obligation that could affect the customers' acceptance of the products and is net of trade discounts, sales returns, where applicable. Accordingly export and domestic revenue is recognized as per the relevant delivery term of Incoterms 2010 or such other terms of delivery as agreed with the buyer.

Rendering of services: Revenue is recognized in the period in which the services are rendered.

Dividend Income is recognized when the company's right to receive the payment has been established.

Export Benefits: Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

S Foreign currency

Items included in the financial statements of the Company are recorded using the currency of the primary economic environment (INR) in which the Company operates (the 'functional currency').

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the Statement of profit and loss of the year.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are not translated.

T Finance income and finance cost

Finance income comprises interest income on funds invested and dividend income. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognized on financial assets.

U Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

V Segment reporting

Each of the reportable segments derives its revenues from the main products and hence these have been identified as reportable segments by the Group's chief operating decision maker ("CODM"). Segment revenue, result, assets and liabilities include the respective amounts identifiable to each of the segments and amount allocated on a reasonable basis. Unallocated expenditure consists of common expenditure incurred for all the segments and expenses incurred at corporate level. The assets and liabilities that cannot be allocated between the segments are shown as unallocated corporate assets and unallocated corporate liabilities respectively.

W Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

X Dividend declared

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Y Application of new and revised Ind Ass

All the Indian Accounting Standards ("Ind AS") issued and notified by the Ministry of Corporate Affairs are effective and considered for the significant accounting policies to the extent relevant and applicable for the Company.

The Company has not applied the following new and revised Indian Accounting Standards ("Ind AS") that have been issued and notified by the Ministry of Corporate Affairs in March 2018 but are not yet effective.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

NOTES TO STANDALONE FINANCIAL STATEMENTS

3. Property, plant and equipment & Intangible assets

(₹ in Lakhs)

Particulars	Property, plant and equipment								Intangible assets		
	Land	Buildings	Factory & quarry buildings	Plant & machinery	Vehicles	Furniture & fixtures	Office equipment	Total of property, plant and equipment	Trade marks & brand name	Stripping cost activity asset	Total of intangible assets
1. Deemed cost (Gross carrying amount)											
Balance as at 1 April 2016	514.05	58.07	2739.87	13118.01	800.29	671.31	391.26	18292.86	382.80	-	382.80
Additions	65.96	-	617.07	2727.65	94.74	73.12	27.02	3605.56	-	-	-
Disposals/ transfer	-	-	-	(66.03)	(45.58)	(79.53)	(1.66)	(192.80)	-	-	-
Ind-AS Adjustment / reclassification	63.31	-	-	(63.31)	-	-	-	-	-	97.87	97.87
Balance as at 31 March 2017	**643.32**	**58.07**	**3356.94**	**15716.32**	**849.45**	**664.90**	**416.62**	**21705.62**	**382.80**	**97.87**	**480.67**
Balance as at 1 April 2017	643.32	58.07	3356.94	15716.32	849.45	664.90	416.62	21705.62	382.80	97.87	480.67
Additions	30.57	-	114.51	665.08	81.63	-	12.25	904.04	-	212.47	212.47
Disposals/ transfer	-	-	-	(604.84)	(23.58)	-	-	(628.42)	-	(113.77)	(113.77)
Relating to discontinued operations	(139.49)	(58.07)	(1118.76)	(2392.19)	(93.18)	(594.32)	(103.97)	(4499.98)	(382.80)	-	(382.80)
Balance as at 31 March 2018	**534.40**	**-**	**2352.69**	**13384.37**	**814.32**	**70.58**	**324.90**	**17481.26**	**-**	**196.57**	**196.57**
2. Accumulated Depreciation											
Balance as at 1 April 2016	-	36.18	961.17	7491.65	426.36	444.73	246.16	9606.25	382.80	-	382.80
Depreciation/ amortisation for the year	-	1.02	107.86	815.77	66.19	74.73	48.45	1114.02	-	-	-
Disposals	-	-	-	(53.08)	(43.91)	(55.00)	(1.57)	(153.56)	-	-	-
Ind-AS adjustment / reclassification										-	-
Balance as at 31 March 2017	**-**	**37.20**	**1069.03**	**8254.34**	**448.64**	**464.46**	**293.04**	**10566.71**	**382.80**	**-**	**382.80**
Balance as at 1 April 2017	-	37.20	1069.03	8254.34	448.64	464.46	293.04	10566.71	382.80	-	382.80
Depreciation/ amortisation for the year	-	-	91.58	662.91	72.66	1.47	36.54	865.16	-	118.08	118.08
Disposals	-	-	-	(491.40)	(22.40)	-	-	(513.80)	-	(113.77)	(113.77)
Relating to discontinued operations	-	(37.20)	(397.97)	(1677.36)	(82.94)	(402.26)	(83.93)	(2681.66)	(382.80)	-	(382.80)
Balance as at 31 March 2018	**-**	**-**	**762.64**	**6748.49**	**415.96**	**63.67**	**245.65**	**8236.41**	**-**	**4.31**	**4.31**
3. Carrying amount (net)											
At 1 April 2016	514.05	21.89	1778.70	5626.36	373.93	226.58	145.10	8686.61	-	-	-
At 31 March 2017	**643.32**	**20.87**	**2287.91**	**7461.98**	**400.81**	**200.44**	**123.58**	**11138.91**	**-**	**97.87**	**97.87**
At 31 March 2018	**534.40**	**-**	**1590.05**	**6635.88**	**398.36**	**6.91**	**79.25**	**9244.85**	**-**	**192.26**	**192.26**

3.1) Capital work-in-progress ₹ **1.45 Lakhs** (March 31, 2017 ₹ 188.11 Lakhs; April 1, 2016 ₹ 1334.27 Lakhs)

3.2) Details of finance lease - refer note no. 15.3

3.3) Details of security of property, plant and equipment subject to charge to secured borrowings - refer note no.15.1

3.4) Land includes cost of land admeasuring Acres 2.11 cents, which has been disputed by third parties pending disposal.

3.5) Land includes ₹ **44.22 Lakhs** (March 31, 2017 ₹ 92.10 Lakhs; April 1, 2016 ₹ 50.55 Lakhs) admeasuring **41.94 acres** (March 31, 2017 42.92 acres; April 1, 2016 9.49 acres) for which title/conveyance deeds are pending for execution in favour of company.

4. Investments

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade - unquoted			
Non-current - at cost			
In subsidiary companies -			
Equity shares:			
41,70,584 Equity shares of ₹ 10/-each fully paid-up of Pokarna Engineered Stone Limited	6115.88	6115.88	6115.88
Total	**6115.88**	**6115.88**	**6115.88**

4.1 Investment in equity shares :

51% of investment in equity shares are pledged to bankers against the borrowings by the subsidiary - Pokarna Engineered Stone Limited

5. Loans

A. Non-current loans

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Security deposit	217.05	377.97	366.57
Other loans	133.00	207.35	199.50
Total	**350.05**	**585.32**	**566.07**

5.1 Security deposit includes ₹ **83.90** Lakhs (March 31, 2017: ₹ 83.90 Lakhs ; April 1, 2016: ₹ 62.88 Lakhs) pledged to mines & geology and other departments.

B. Current loans

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Other loans	210.08	305.91	290.20
Loans to employees	0.51	0.10	0.68
Total	**210.59**	**306.01**	**290.88**

6. Other financial assets

A. Non-current financial assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Deposits with maturity for more than 12 months			
Margin money deposits - given against a bank guarantee/letter of credit	191.90	194.21	242.44
Interest accrued on fixed deposits	0.05	0.14	6.73
Total	**191.95**	**194.35**	**249.17**

NOTES TO STANDALONE FINANCIAL STATEMENTS

B. Current financial assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Interest accrued on fixed deposits	12.37	22.35	29.19
Total	**12.37**	**22.35**	**29.19**

7. Other assets

A. Non-current assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Capital advances	-	161.58	315.82
Defer lease rentals	2.14	25.15	32.57
Total	**2.14**	**186.73**	**348.39**

B. Current assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Indirect taxes recoverable	165.37	19.75	32.15
Advance to suppliers	174.06	151.08	30.31
Prepaid expenses	102.66	91.36	130.28
Total	**442.09**	**262.19**	**192.74**

8. Inventories

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Raw materials	332.47	615.29	705.36
Work-in-progress	81.35	78.56	106.00
Finished goods	1652.78	1995.94	2316.76
Traded goods	-	76.53	78.13
Consumables, stores & spares	412.65	544.74	695.69
Packing material	22.23	41.58	85.59
Total	**2501.48**	**3352.64**	**3987.53**
Details of materials in transit included in inventories above			
Raw materials	-	15.51	14.10
Traded goods	-	-	5.39
Consumables, stores & spares	5.55	2.48	1.23
Packing material	-	0.15	-

9. Trade receivables

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Considered good	2217.77	2059.03	3098.69
Doubtful	153.85	135.76	223.52
Less : Allowance for credit losses	153.85	135.76	92.58
Total	**2217.77**	**2059.03**	**3229.63**

NOTES TO STANDALONE FINANCIAL STATEMENTS

9.1 There are no outstanding debts due from directors or other officers of the Company.

10. Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash in hand	0.92	2.32	2.87
Balances with banks:			
On current accounts	220.53	122.95	126.78
Margin money deposits - given against a bank guarantee/letter of credit- with maturity less than three months	-	71.04	37.00
Total	**221.45**	**196.31**	**166.65**

10.1 For the purpose of statement of cash flows, cash and cash equivalents comprise of following

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash and cash equivalents	221.45	196.31	166.65
Less: Cash credit [refer note. 15(B)]	(950.79)	(1570.38)	(1580.54)
Total	**(729.34)**	**(1374.07)**	**(1413.89)**

11. Other bank balances

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Margin money deposits - given against a bank guarantee/letter of credit with maturity for more than 3 months but less than 12 months	374.03	355.16	501.77
In unpaid dividend account	9.80	33.88	28.49
Total	**383.83**	**389.04**	**530.26**

12. Current tax assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Tax refundable	5.30	5.30	5.30
Total	**5.30**	**5.30**	**5.30**

13. Share capital

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorized:			
10,00,00,000 (March 31, 2017: 2,00,00,000 and April 1, 2016: 2,00,00,000) Equity Shares of ₹ 2/- each (₹ 10/-) par value	2000.00	2000.00	2000.00
Issued, Subscribed and fully paid-up:			
3,10,04,000 (March 31, 2017: 62,00,800 and April 1, 2016: 62,00,800) Equity Shares of ₹ 2/- each (₹ 10/-) fully paid-up	620.08	620.08	620.08
Total	**620.08**	**620.08**	**620.08**

NOTES TO STANDALONE FINANCIAL STATEMENTS

13.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(₹ in Lakhs)

Equity shares	No. of shares	No. of shares	No. of shares
At the beginning of the period	6200800	6200800	6200800
Sub division of shares during the period	24803200	-	-
Outstanding at the end of the period	31004000	6200800	6200800

13.2 Terms / rights attached to equity shares:

The company has only one class of equity shares having a par value of ₹ 2/- 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.

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.

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

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹ 2 /- each fully paid						
Gautam Chand Jain	14187045	45.76	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	2274714	7.34	465086	7.50	355315	5.73

Note: The shareholders of the company have approved sub-division of the face value of the equity shares of ₹ 10/- each into equity shares with face value of ₹ 2/- each. The company has fixed 23 October 2017 as the "Record Date" for the purpose of sub-division.

14. Other equity

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Share premium	73.96	73.96	73.96
General reserve	980.36	980.36	980.36
Net surplus in the statement of Profit and Loss			
Opening balance	10561.00	10065.65	8925.55
Add: Profit for the year	1226.70	1241.66	1140.10
	11787.70	**11307.31**	**10065.65**
Less: Dividend paid	186.02	620.08	-
Tax on dividend	37.87	126.23	-
	11563.81	**10561.00**	**10065.65**
Other comprehensive income			
Opening balance	41.29	-	-
Movement in OCI (net) during the year	45.58	41.29	-
	86.87	**41.29**	**-**
Total	**12705.00**	**11656.61**	**11119.97**

NOTES TO STANDALONE FINANCIAL STATEMENTS

15. Borrowings

A. Non-current

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured loans			
Term loans			
Indian rupee loans from banks	-	-	707.31
External commercial borrowing from banks	765.96	1527.32	2343.59
Foreign currency loans from banks	1638.58	1683.02	-
Finance lease obligations			
Banks	141.69	71.89	126.95
Others	105.45	249.87	67.01
Unsecured loans			
Loans & advances from related parties			
Loans from directors	1453.63	1360.57	501.58
Total	**4105.31**	**4892.67**	**3746.44**

B. Current

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured loans			
Loans repayable on demand			
From banks - working capital loan			
Cash Credit Facilities	950.79	1570.38	1580.54
Packing Credit Loans	850.32	165.97	764.24
Bill Discounting	712.04	521.48	898.49
Total	**2513.15**	**2257.83**	**3243.27**

15.1 Rupee term loans, external commercial borrowings, foreign currency 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).

15.2 Maturity profile of term loans from banks are as set out below:

(₹ in Lakhs)

	2018-19	2019-20	2020-21	2021-22	2022-23 and beyond
External commercial borrowings					
Rate of interest					
Six months libor plus 350 bps	766.09	765.95	-	-	-
Foreign currency term loans					
Rate of interest					
Libor plus 550 to 600 bps	327.71	327.71	327.71	327.71	655.46

15.3 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).

NOTES TO STANDALONE FINANCIAL STATEMENTS

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)

Particulars	Minimum lease payments			Present value of minimum lease payments		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Due within one year	286.93	315.23	257.41	253.17	270.07	223.90
Due one to five years	233.77	349.02	209.61	221.43	321.76	193.96
Total	**520.70**	**664.24**	**467.02**	**474.60**	**591.83**	**417.86**
Less: Future finance charges	46.10	72.41	49.16			
Present value of minimum lease payable	474.60	591.83	417.86	474.60	591.83	417.86

16. Other current financial liabilities

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of long term borrowings:			
From banks (secured)	1093.80	1139.26	1031.27
Finance lease obligations			
Banks	94.42	94.84	69.57
Others	133.04	175.23	154.33
Interest accrued but not due on borrowings	23.68	31.00	43.88
Interest accrued and due on borrowings	-	10.23	-
Unpaid dividend	9.80	33.88	28.49
Total	**1354.74**	**1484.44**	**1327.54**

17. Provisions

A. Non-current

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
For employee benefits			
Gratuity (refer note. 26(1a))	118.16	167.17	99.74
Compensated absence (refer note. 26(1b))	39.72	57.25	55.49
Others			
Restoration liability	16.26	26.41	24.61
Total	**174.14**	**250.83**	**179.84**

B. Current

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
For employee benefits			
Gratuity (refer note. 26(1a))	14.35	15.92	43.65
Compensated absence (refer note. 26(1b))	2.76	3.67	53.69
Total	**17.11**	**19.59**	**97.34**

NOTES TO STANDALONE FINANCIAL STATEMENTS

18. Deferred tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred Tax Liabilities			
Property, plant & equipment	759.14	925.54	855.22
	759.14	**925.54**	**855.22**
Deferred Tax Asset			
Receivables	44.80	46.98	32.04
Provisions	63.99	111.09	102.07
	108.79	**158.07**	**134.11**
Total	**650.35**	**767.47**	**721.11**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
At the start of the year	767.47	721.11	
Amount related to Discontinued operations	(64.56)		
Charge/ (Credit) to statement of P&L	(52.56)	46.36	
At the end of the year	**650.35**	**767.47**	**721.11**

Component of Deferred tax liabilities/(asset)

(₹ in Lakhs)

Deferred tax liabilities/(asset) in relation to:	As at March 31, 2017	Charge/(credit) to profit or loss	As at March 31, 2018
Property, plant and equipment	925.54	(59.42)	866.12
Provisions	(111.09)	4.68	(106.41)
Receivables	(46.98)	2.18	(44.80)
Amount related to Discontinued operations		(64.56)	(64.56)
Total	**767.47**	**(117.12)**	**650.35**

19. Other liabilities

A. Non-current

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Grants relating to property, plant and equipment	24.33	-	-
Total	**24.33**	**-**	**-**

Government grant:

19.1 Grants relating to property, plant and equipment relate to duty saved on import of capital goods and spares under EOU scheme . Under such scheme, the Company is committed to meet some obligations. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities. Such grants recognised are released to the statement of profit and loss in proportion to amortisation cost of such assets.

19.2 During the year an amount of **₹0.85** Lakhs (previous year ₹ nil)was released to statement of profit and loss.

NOTES TO STANDALONE FINANCIAL STATEMENTS

B. Current

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance received from customers	577.99	607.33	648.61
Creditors for capital expenditure	15.35	146.10	745.29
Statutory liabilities	94.45	84.31	114.36
Other liabilities	365.52	699.13	892.34
Total	**1053.31**	**1536.87**	**2400.60**

20. Trade payables

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Others	828.30	1126.60	1409.99
Micro, small & medium enterprises	26.56	52.53	-
Total	**854.86**	**1179.13**	**1409.99**

20.1 Disclosure in accordance with Section 22 of micro, small and medium enterprises development Act, 2006

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end	20.90	52.53	-
b) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	5.66	2.30	-
c) Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	76.17	52.25	-
d) Interest paid, under section 16 of MSMED Act, to suppliers registered under the Act, beyond the appointed day during the year	-	-	-
e) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	2.06	1.65	-
f) Interest accrued and remaining unpaid at the end of accounting year	3.39	2.27	-
g) Further interest remaining due and payable for earlier years	2.27	-	-

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.

21. Current tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for income tax	505.47	558.12	1096.42
Less: Advance tax	400.75	123.60	230.03
Total	**104.72**	**434.52**	**866.39**

NOTES TO STANDALONE FINANCIAL STATEMENTS

22. Revenue from operations

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products (including excise duty)	14758.46	14853.56
Total	**14758.46**	**14853.56**

22.1 Post the applicability of Goods and Service Tax (GST) with effect from July 01, 2017, revenue from operations is disclosed net of GST. Accordingly, the revenue from operations and other expenses for the year ended on March 31, 2018 are not comparable with the previous year.

23. Other income

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on		
Bank deposits	17.83	50.41
Others	9.47	8.45
Commission income	-	0.20
Scrap sales	11.14	15.55
Insurance claim	2.06	1.42
Sundry credit balances written back	7.20	68.29
Other income (Govt. Grants)	0.85	-
Foreign exchange gain	136.39	284.35
Profit on sale of assets	4.20	6.18
Hire charges received	-	86.40
Miscellaneous income	20.32	-
Total	**209.46**	**521.25**

24. Cost of raw material consumed

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Opening stock	436.89	461.05
Add: Purchases	1456.75	1212.56
	1893.64	**1673.61**
Less: Closing stock	332.47	436.89
Total	**1561.17**	**1236.72**

25. Changes in stock of finished goods, work-in-progress and stock-in-trade

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Inventories at the beginning of the year		
Finished goods	1688.04	1892.66
Work-in-progress	59.71	74.59
Stock-in-trade	-	5.39
	1747.75	**1972.64**
Inventories at the end of the year		
Finished goods	1652.78	1688.04
Work-in-progress	81.35	59.71
	1734.13	**1747.75**
Total	**13.62**	**224.89**

NOTES TO STANDALONE FINANCIAL STATEMENTS

26. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages, bonus & allowances	1767.71	1833.20
Contribution to provident fund and other funds	137.91	126.88
Retirement benefits	72.31	85.75
Staff welfare expense	171.77	162.81
Total	**2149.70**	**2208.64**

26.1 - Employee benefits:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Defined contribution plan		
Employer’s contribution to provident fund	122.07	116.03

Defined benefit plan

The employees’ gratuity fund scheme managed by a trust (Funded with 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.

a) Retiring gratuity:

(i) The following table sets out the amounts recognised in the financial statements in respect of retiring gratuity plan:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Change in defined benefit obligations:		
Obligation at the beginning of the year	326.84	360.55
Current service costs	39.28	49.05
Interest costs	20.90	26.23
Remeasurement (gain)/losses	(22.21)	(12.82)
Past service cost	8.06	-
Benefit paid	(28.73)	(18.02)
Obligation at the end of the year	**344.14**	**404.99**

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Change in plan assets:		
Fair value of plan assets at the beginning of the year	221.90	217.17
Interest income	13.99	15.73
Return on Plan assets excluding net interest	1.30	1.63
Employers' contributions	3.17	0.00
Benefits paid	(28.73)	(12.63)
Fair value of plan assets at the end of the year	**211.63**	**221.90**

NOTES TO STANDALONE FINANCIAL STATEMENTS

Amounts recognised in the balance sheet consists of:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Fair value of plan assets at beginning/end of the year	211.63	221.90	217.17
Present value of obligation at the beginning/end of the year	(344.14)	(404.99)	(360.56)
	(132.51)	**(183.09)**	**(143.39)**

Recognised as:			
Retirement benefit liability - Current	14.35	15.92	43.65
Retirement benefit liability - Non-current	118.16	167.17	99.74

Expenses recognised in the statement of profit and loss consists of:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Employee benefits expenses:		
Current service costs	39.28	38.52
Interest costs	6.91	5.58
Past service cost -(vested benefits)	8.06	
	54.25	**44.10**
Other comprehensive income:		
(Gain)/loss on plan assets	(1.30)	(1.63)
Actuarial (gain)/loss arising from changes in demographic Assumption	0.00	8.10
Actuarial (gain)/loss arising from changes in financial assumption	(34.60)	22.52
Actuarial (gain)/loss arising from changes in experience adjustments	12.39	(42.91)
	(23.51)	**(13.92)**
Expenses recognised in the statement of profit and loss	**30.74**	**30.18**

(ii) The key assumptions used in accounting for retiring gratuity is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate (per annum)	7.60%	6.69%	7.46%
Rate of escalation in salary (per annum)	8.00%	8.00%	8.00%

(iii) The estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

(iv) The company expects to contribute ₹ 25.00 Lakhs to its gratuity plan for the next year.

(v) The table below outlines the effect on obligation in the event of a decrease/increase of 1% in the assumptions used.

As at March 31, 2018

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 382.43 Lakhs, increase by ₹ 311.24 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 380.72 Lakhs, decrease by ₹ 312.15 Lakhs

As at March 31, 2017

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 458.46 Lakhs, increase by ₹ 359.97 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 454.18 Lakhs, decrease by ₹ 361.96 Lakhs

NOTES TO STANDALONE FINANCIAL STATEMENTS

As at April 1, 2016

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 398.22 Lakhs, increase by ₹ 328.46 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 395.25 Lakhs, decrease by ₹ 329.98 Lakhs

The above sensitivities may not be representative of the actual change as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

b) Compensated absence:

(i) The following table sets out the amounts recognised in the financial statements in respect of compensated absence:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Change in defined benefit obligations:		
Obligation at the beginning of the year	44.08	63.42
Current service costs	15.28	47.64
Interest costs	2.78	4.51
Remeasurement (gain)/losses	(14.45)	(48.69)
Benefit paid	(5.21)	(5.96)
Obligation at the end of the year	**42.48**	**60.92**

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Change in plan assets:		
Fair value of plan assets at the beginning of the year		
Interest income		
Remeasurement gain/(losses)		
Employers' contributions	5.21	5.96
Benefits paid	(5.21)	(5.96)
Fair value of plan assets at the end of the year	**-**	**-**

Amounts recognised in the balance sheet consists of:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Fair value of plan assets at beginning/end of the year	-	-	-
Short term compensated absence liability			45.76
Present value of obligation at the beginning/end of the year	42.48	60.92	63.42
	42.48	**60.92**	**109.18**
Recognised as:			
Retirement benefit liability - Current	2.76	3.67	53.69
Retirement benefit liability - Non-current	39.72	57.25	55.49

NOTES TO STANDALONE FINANCIAL STATEMENTS

Expenses recognised in the statement of profit and loss consists of:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Employee benefits expenses:		
Current service costs	15.28	37.83
Interest costs	2.78	3.82
	18.06	**41.65**
Other comprehensive income:		
(Gain)/loss on plan assets	-	-
Actuarial (gain)/loss arising from changes in demographic Assumption	-	1.47
Actuarial (gain)/loss arising from changes in financial assumption	(4.35)	2.86
Actuarial (gain)/loss arising from changes in experience adjustments	(10.10)	(50.46)
	(14.45)	**(46.13)**
Expenses recognised in the statement of profit and loss	**3.61**	**(4.48)**

(ii) The key assumptions used in accounting for compensated absence is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate (per annum)	7.60%	6.69%	7.46%
Rate of escalation in salary (per annum)	8.00%	8.00%	8.00%

(iii) The estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

(iv) The table below outlines the effect on obligation in the event of a decrease/increase of 1% in the assumptions used.

As at March 31, 2018

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 47.30 Lakhs, increase by ₹ 38.36 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 47.16 Lakhs, decrease by ₹ 38.40 Lakhs

As at March 31, 2017

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 68.92 Lakhs, increase by ₹ 54.20 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 68.63 Lakhs, decrease by ₹ 54.31 Lakhs

As at April 1, 2016

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 69.64 Lakhs, increase by ₹ 58.09 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 69.40 Lakhs, decrease by ₹ 58.21 Lakhs

The above sensitivities may not be representative of the actual change as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

NOTES TO STANDALONE FINANCIAL STATEMENTS

27. Depreciation & Amortization expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on tangible assets	865.16	853.74
Amortization on intangible assets	118.08	-
Total	**983.24**	**853.74**

28. Finance costs

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest on borrowings:		
- Banks	487.92	601.09
- Others	219.72	147.16
Interest on taxes / duties	45.53	88.30
Total	**753.17**	**836.55**
Interest capitalised	9.43	103.32
Total	**743.74**	**733.23**

29. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Consumption of stores & spares	1348.91	1405.16
Other processing & job work exp.	141.55	169.55
Power and fuel	1733.50	1583.45
Repairs and maintenance:		
- Plant and machinery	144.11	112.81
- Building	114.82	61.04
- Others	4.05	7.86
Cutter and driller charges	583.29	463.43
Royalty on quarry land	12.71	9.78
Rent	52.52	52.77
Deferred lease expense written off	1.07	-
Rates and taxes	19.81	16.78
Insurance	72.03	69.18
Communication charges	37.01	39.79
Printing & stationery	19.34	21.59
Travelling & conveyance expenses	105.40	118.09
Electricity charges	8.41	8.44
Vehicle maintenance	91.66	79.63
Auditors remuneration	9.16	11.50
Advertisement	6.53	10.17
Professional & consultancy	108.99	129.11
Commission to non-executive directors	18.00	18.00
Directors sitting fees	4.06	9.00
Donations	2.56	4.40
CSR activity expenses	11.29	8.30
Fees & subscriptions	18.69	35.93
Government royalty and dead rent	1248.79	1158.26
Sundry debit balances written off	-	19.84
Carriage outwards	822.93	922.54
Sales commission	40.24	33.82
Discounts and claims	58.21	67.89

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Business promotion expenses	27.51	73.40
Packing material	132.04	160.47
Bad debts written off	-	148.94
Provision for doubtful debts	18.09	43.18
Sales tax	51.95	67.77
Impairment / loss on sale of assets	101.41	-
Bank charges	14.48	30.57
Miscellaneous expenses	34.24	32.41
Total	**7219.36**	**7204.85**

29.1 Auditors remuneration

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Statutory audit	7.50	7.50
Tax audit	-	1.25
Certification	1.31	1.76
Out of pocket expenses	0.35	0.19
Service tax	-	0.80

29.2 - Corporate social responsibility (CSR)

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Amount required to be spent by the company during the year	108.47	65.14
(b) Amount spent during the year (in cash)	11.29	8.30
(i) Construction/ acquisition of any asset		
(ii) On purposes other than (i) above	11.29	8.30

30. Income taxes

A) Income tax expense/(benefit) recognised in the statement of profit and loss

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax from continuing operations	505.47	558.12
Deferred tax from continuing operations	(65.70)	108.25
Deferred tax from discontinued operations	30.05	(83.74)
Tax in respect of earlier years	36.69	-
Deferred tax on comprehensive income	24.12	21.85
Total	**530.63**	**604.48**

B) Reconciliation of income tax expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit / (loss) before tax from continuing operations	2123.21	2595.76
Profit / (loss) before tax from discontinued operations	(390.00)	(771.47)
Other comprehensive Income	69.71	63.14
Effective tax rate	34.608%	34.608%
Computed effective tax expense	**623.95**	**653.20**

NOTES TO STANDALONE FINANCIAL STATEMENTS

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Tax effect of:		
Expenses disallowed	426.63	465.13
Allowable items from IT act	545.12	560.21
Current tax provision (A)	**505.46**	**558.12**
Continued operations		
Incremental deferred tax liability on account of tangible and intangible assets	(59.43)	151.78
Incremental deferred tax asset on account of financial assets and other items	(6.87)	22.75
Discontinued operations		
Incremental deferred tax liability on account of tangible and intangible assets	27.27	(71.67)
Incremental deferred tax asset on account of financial assets and other items	(13.76)	11.00
Deferred tax provision (B)	(11.53)	46.36
Tax expense recognised in the statement of profit and loss (A+B)	**493.93**	**604.48**
Effective tax rate	27.40%	32.03%

Note: The deferred tax assets and liabilities at the close of the year has been measured at 29.12% (previous year 34.60%) based on tax rates that have been enacted by end of reporting period.

31 Earnings per share (EPS)

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(i) Face value of equity share (in ₹)	2.00	2.00
(ii) Weighted average number of equity shares outstanding	31004000	31004000
(iii) Profit for the year (continuing operations)	1646.75	1929.38
(iv) Weighted average earnings per share (basic and diluted) (in ₹)	5.31	6.22
(v) (Loss) for the year (discontinued operations)	(420.05)	(687.72)
(vi) Weighted average earnings per share (basic and diluted) (in ₹)	(1.35)	(2.22)
(vii) Profit for the year (total operations)	1226.70	1241.66
(viii) Weighted average earnings per share (basic and diluted) (in ₹)	3.96	4.00

32 Related party disclosures :

As per IND AS 24, the disclosures of transactions with the related parties are given below:

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

a) Enterprises where control exits:

Pokarna Engineered Stone Limited – wholly owned subsidiary

b) Names of the associates:

Pokarna Fabrics Pvt Limited, Pokarna Fashions Pvt Limited, Pokarna Marketing Pvt Limited, Southend, Southend Extension

c) Enterprises over which key managerial personnel are able to exercise significant influence

Adam 'N' Eve

d) Names of Key management personnel

Gautam Chand Jain, Rahul Jain, Apurva Jain, Vishwanath Reddy

e) Names of relatives

Vidya Jain, Rekha Jain, Anju Jain, Ritu Jain, Pratik Jain, Neha Jain, Nidhi Jain, Gautam Chand Jain (HUF), Prakash Chand Jain (HUF), Bharathi Pulluru, Karvy Data Management Services, Karvy Computershare Pvt Ltd

NOTES TO STANDALONE FINANCIAL STATEMENTS

f) Name of non-executive director

Prakash Chand Jain, Mahender Chand Chordia, Meka Yugandhar, T.V.Chowdary, Vinayak Rao Juvvadi, Dhanji Lakhamsi Sawla

A. Compensation of key management personnel of the company

The amount mentioned below represents remuneration paid and debited to the company. The compensation includes salary, employer's contribution to PF, LTA, bonus, medical benefits, gratuity & leave encashment. All amounts mentioned below are inclusive of service tax and GST. The CMD, MD, Non Executive Directors, CFO and Company Secretary are regarded as Key management personnel in terms of Companies act, 2013.

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Short-term employee benefits	192.37	267.31
Post-employment pension, provident fund and medical benefits	0.83	1.01
Termination benefits*	-	-
Commission and other benefits paid to non-executive independent directors	22.20	26.40
Total compensation paid to key management personnel	**215.40**	**294.72**

* 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.

B. Transactions with key management personnel and other related parties 2017-18 (2016-17 & 2015-16)

(₹ in Lakhs)

Nature of the transaction	Subsidiary	Key management personnel	Non-executive directors	Associates/ other related parties	Relatives	Total
Purchases						
Goods and services, net	**-**	**-**	**-**	**28.85**	**-**	**28.85**
	-	-	-	(6.29)	(13.54)	(19.83)
Fixed asset	**-**	**-**	**-**	**-**	**-**	**-**
	(0.83)	-	-			(0.83)
Sales						
Goods and services, net	**10.55**	**-**	**-**	**-**	**1.12**	**11.67**
	(1.41)	-	-	(38.60)	-	(40.01)
Job work	**0.17**	**-**	**-**	**0.44**	**-**	**0.61**
	(6.07)	-	-	-	(1.84)	(7.91)
Expenses						
Remuneration	**-**	**193.20**	**-**	**-**	**-**	**193.20**
	-	(268.32)	-	-	-	(268.32)
Sitting fee & commission	**-**	**-**	**22.20**	**-**	**-**	**22.20**
	-	-	(26.40)	-	-	(26.40)
Rent	**-**	**5.80**	**14.22**	**32.38**	**29.43**	**81.83**
	-	(5.69)	(13.94)	(31.73)	(28.98)	(80.34)
Interest	**-**	**30.97**	**158.63**	**-**	**-**	**189.60**
	-	(22.35)	(98.75)	-	-	(121.10)
Dividend						
Dividend	**-**	**73.13**	**3.00**	**-**	**29.29**	**105.42**
	-	(60.00)	(50.00)		(241.38)	(351.38)
Loans & advances and rent deposit						
Loans & advances taken	**-**	**-**	**-**	**-**	**-**	**-**
	-	(90.00)	(660.00)	-	-	(750.00)
	-	-	-	-	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS

(₹ in Lakhs)

Nature of the transaction	Subsidiary	Key management personnel	Non-executive directors	Associates/ other related parties	Relatives	Total
Rent deposit given	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
	-	-	(8.33)	(1.92)	(50.20)	(60.45)
Outstanding's						
Receivables	**-**	**-**	**-**	**0.44**	**-**	**0.44**
	-	-	-	-	-	-
	-	-	-	(28.52)	-	(28.52)
Payables	**-**	**249.89**	**1269.52**	**14.44**	**29.58**	**1563.43**
	-	(280.21)	(1174.77)	(70.14)	(53.10)	(1578.22)
	-	(225.88)	(428.82)	(42.62)	(47.91)	(745.23)
Rent deposit - receivable	**-**	**-**	**8.33**	**23.20**	**16.66**	**48.19**
	-	-	(8.33)	(23.20)	(50.20)	(81.73)
	-	-	(8.33)	(23.20)	(50.20)	(81.73)
Investments	**6115.88**	**-**	**-**	**-**	**-**	**6115.88**
	(6115.88)	-	-	-	-	(6115.88)
	(6115.88)	-	-	-	-	(6115.88)

B. Disclouser in respect of material related party transactions during the year

(₹ in Lakhs)

Sl. No.	Particulars	Relationship	Year ended March 31, 2018	Year ended March 31, 2017
1	**Purchases**			
	Goods and services, net			
	Pokarna Fabrics Pvt Limited	Associate	20.83	0.97
	Karvy Computershare Pvt Ltd	Related party	4.55	3.43
	Karvy Data Management Services Ltd	Related party	3.47	-
	Southend Extension	Associate	-	1.89
	Neha Jain	Relative	-	13.54
	Pokarna Engineered Stone Limited	Subsidiary	-	-
	Fixed asset			
	Pokarna Engineered Stone Limited	Subsidiary	-	0.83
2	**Sales**			
	Goods and services, net			
	Pokarna Engineered Stone Limited	Subsidiary	10.55	1.41
	Pokarna Fashions Pvt Limited	Associate	-	0.45
	Pokarna Marketing Pvt Limited	Associate	-	8.24
	Southend Extension	Associate	-	1.89
	Bharathi Pulluru	Relative	1.12	-
	Adam 'N' Eve	Related party	-	28.02
	Job work			
	Southend Extension	Associate	0.44	-
	Pokarna Engineered Stone Limited	Subsidiary	0.17	6.07
	Neha Jain	Relative	-	1.84
3	**Expenses**			
	Remuneration			
	Gautam Chand Jain	Key management personnel	-	85.13

(₹ in Lakhs)

Sl. No.	Particulars	Relationship	Year ended March 31, 2018	Year ended March 31, 2017
	Rahul Jain	Key management personnel	120.22	103.49
	Apurva Jain	Key management personnel	12.23	12.23
	Viswanatha Reddy	Key management personnel	55.53	59.88
	Vinay Paruchuru	Key management personnel	5.22	7.59
	Sitting fee & commission			
	Prakash Chand Jain	Non-Executive Director	4.00	4.40
	Mahender Chand Chordia	Non-Executive Director	4.60	4.80
	Meka Yugandhar	Non-Executive Director	4.60	4.80
	T.V.Chowdary	Non-Executive Director	4.60	4.40
	Vinayak Rao Juvvadi	Non-Executive Director	4.40	4.60
	Dhanji Lakhamsi Sawla	Non-Executive Director	-	3.40
	Rent			
	Pokarna Fabrics Pvt Limited	Associate	32.38	31.73
	Gautam Chand Jain	Key management personnel	5.80	5.69
	Prakash Chand Jain	Non-Executive Director	14.22	13.94
	Vidya Jain	Relative	8.42	8.25
	Ritu Jain	Relative	13.83	13.55
	Pratik Jain	Relative	7.18	7.18
	Interest			
	Gautam Chand Jain	Key management personnel	25.64	17.54
	Rahul Jain	Key management personnel	5.33	4.81
	Prakash Chand Jain	Non-Executive Director	158.63	98.75
	Dividend			
	Gautam Chand Jain	Key management personnel	70.13	50.00

(₹ in Lakhs)

Sl. No.	Particulars	Relationship	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
4	**Loans & advances and rent deposit**				
	Loans & advance taken				
	Gautam Chand Jain	Key management personnel	-	90.00	-
	Prakash Chand Jain	Non-Executive Director	-	660.00	-
	Rent deposit given		-		
	Pokarna Fabrics Pvt Limited	Associate	-	-	1.92
	Prakash Chand Jain	Non-Executive Director	-	-	8.33
	Gautam Chand Jain (HUF)	Relative	-	-	16.44
	Prakash Chand Jain (HUF)	Relative	-	-	17.10
	Vidya Jain	Relative	-	-	8.33
	Pratik Jain	Relative	-	-	8.33
5	**Outstanding's**				
	Receivables				
	Adam 'N' Eve	Related party	-	-	28.52
	Southend Extension	Associate	0.44	-	-
	Payables				
	Pokarna Fabrics Pvt Limited	Associate	11.36	66.72	36.78
	Southend Extension	Associate	1.71	1.71	5.71
	Gautam Chand Jain	Key management personnel	205.99	216.97	131.00
	Rahul Jain	Key management personnel	43.02	62.49	90.81
	Apurva Jain	Key management personnel	0.88	0.75	4.07
	Prakash Chand Jain	Non-Executive Director	1255.12	1158.33	403.82

NOTES TO STANDALONE FINANCIAL STATEMENTS

(₹ in Lakhs)

Sl. No.	Particulars	Relationship	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Nidhi Jain	Relative	5.86	5.86	5.86
	Neha Jain	Relative	16.61	25.00	14.85
	Gautam Chand Jain (HUF)	Relative	-	-	7.39
	Prakash Chand Jain (HUF)	Relative	-	-	7.69
	Vidya Jain	Relative	3.88	7.53	3.75
	Ritu Jain	Relative	-	8.25	5.14
	Pratik Jain	Relative	3.23	6.46	3.23
	Dhanji Lakhamsi Sawla	Non-executive director	-	3.00	5.00
	Mahender Chand Chordia	Non-executive director	3.60	3.36	5.00
	Meka Yugandhar	Non-executive director	3.60	3.36	5.00
	T.V.Chowdary	Non-executive director	3.60	3.36	5.00
	Vinayak Rao Juvvadi	Non-executive director	3.60	3.36	5.00
	Karvy Computershare Pvt Ltd	Related party	0.27	1.71	0.13
	Karvy Data Management Services Ltd	Related party	1.10	-	-
	Rent deposit given				
	Pokarna Fabrics Pvt Limited	Associate	23.20	23.20	23.20
	Prakash Chand Jain	Non-executive director	8.33	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	8.33
	Pratik Jain	Relative	8.33	8.33	8.33
6	**Investments**				
	Pokarna Engineered Stone Limited	Subsidiary	6115.88	6115.88	6115.88

33. Contingent liabilities and Commitments

33.1 Contingent liabilities not provided for

	Particulars	As at March 31, 2018	As at March 31, 2017
a)	Letter of credits outstanding	140.70	297.56
b)	Bank guarantee	1.82	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	204.22
ii)	Excise matters (including service tax), amount deposited ₹ 5.57 Lakhs (previous year ₹ 5.57 Lakhs)	354.26	318.73
iii)	Customs matters, amount deposited ₹ nil Lakhs (previous year ₹ nil Lakhs)	75.91	75.91
iv)	Sales tax matters, amount deposited ₹ nil Lakhs (previous year ₹ 2.69 Lakhs)	14.40	37.73
v)	Mines & geology matters, amount deposited ₹ 8.17 Lakhs (previous year ₹ 8.17 Lakhs)	231.94	231.94
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 January 2016, which was effective retrospectively from 1 April, 2014, the company on the legal advice decided not to consider it in view of the interim order dated 26 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	158.11	116.79

Other commitments:

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, GST 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, GST, 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 March, 2018, 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.

33.2 Capital commitments

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	109.40	419.69

34 Discontinued operations

The Board of Directors ("Board") in their meeting held on 8 May, 2017 approved the transfer, sale, lease, exchange, hive-off or otherwise disposing off 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, sale or otherwise disposing off of Apparel Business is subject to finding the buyer / investor and receipt of acceptable offer and which is 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. The Company has initiated necessary steps and expects to complete the process in near future. The financials of Apparel Division is considered as 'Assets held for sale and discontinued operations' as per IND AS 105 and corresponding previous year figures of Statement of Profit and loss account has been restated accordingly.

Details of discontinued operations are as under:

(₹ in Lakhs)

Particulars	Discontinued operations	
	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	846.04	971.49
Expenses (net of other income)	1236.04	1742.96
Profit/(loss) before tax	(390.00)	(771.47)
Tax income / (expense)	30.05	(83.74)
Profit /(loss)after tax from discontinued operations	(420.05)	(687.73)
Other comprehensive income (net of tax of ₹ 10.98 Lakhs, P.Y. ₹ 1.07 Lakhs	20.76	2.02
The major classes of assets and liabilities of the discontinued operations are as under:		
Assets		
Property, plant and equipment	1929.87	1818.33
Capital work-in-progress	154.90	132.29
Non Current Loans	114.44	144.06
Other non-financial assets	-	3.02
Other non-current assets	33.65	44.10
Inventories	430.96	615.09
Trade receivables	25.54	82.39
Cash and cash equivalents	23.73	18.71
Bank balances other than cash	2.51	5.50
Loans	1.10	11.90
Other financial assets	0.83	0.24
Other current assets	20.25	15.85
Current tax assets	0.21	0.45
Assets held for sale and discontinued operations (A)	**2737.99**	**2891.93**

NOTES TO STANDALONE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	Discontinued operations	
	Year ended March 31, 2018	Year ended March 31, 2017
Liabilities		
Non current Borrowings	42.81	38.01
Provisions	80.47	102.38
Deferred tax liabilities (net)	105.59	64.56
Current Borrowings	24.13	600.41
Trade payables	150.01	172.35
Other current liabilities	248.07	270.30
Short- term provisions	3.27	3.86
Liabilities held for sale and discontinued operations (B)	**654.35**	**1251.87**
Net assets / (liabilities) of discontinued operations (A-B)	**2083.64**	**1640.06**

Net cash flows attributable to the operating, investing and financing activities of discontinued operations:

Cash flows		
Operating	(40.97)	(210.01)
Investing	(148.20)	(139.21)
Financing (net of amount received from Granite division of ₹842.86 Lakhs, p.y. ₹408.47 Lakhs)	(72.40)	(92.35)

35 In accordance with IND AS-108 "Operating segment", 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.

36 Capital management

1. The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital, which the company defines as result from operating activities divided by total shareholders' equity.

2. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

3. The company's adjusted net debt to equity ratio is as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Gross debt	7939.72	8559.83	8244.88
Less: Cash and bank balances	797.18	779.56	939.35
Adjusted net debt	7142.54	7780.27	7305.53
Total equity	13325.08	12276.69	11740.05
Adjusted net debt to equity ratio	0.54	0.63	0.62

NOTES TO STANDALONE FINANCIAL STATEMENTS

37 Financial instruments

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

31 March 2018

(₹ in Lakhs)

Particulars	Carrying Amount			Fair Value		
	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value	217.05	-	217.05	-	217.05	-
Financial assets not measured at fair value						
Investments	6115.88	-	6115.88			
Other loans	343.59	-	343.59	-	-	-
Accrued interest	12.42	-	12.42	-	-	-
Trade receivables	2217.77	-	2217.77	-	-	-
Cash and bank balances	797.18	-	797.18	-	-	-
Total	**9703.89**	**-**	**9703.89**	**-**	**217.05**	**-**
Financial liabilities not measured at fair value						
Secured bank loans	6247.60	-	6247.60	-	-	-
Loans from related parties	1453.63	-	1453.63	-	-	-
Loans from others	238.49	-	238.49	-	-	-
Trade payables	854.86	-	854.86	-	-	-
Accrued interest	23.68	-	23.68	-	-	-
Unpaid dividend	9.80	-	9.80	-	-	-
Total	**8828.06**	**-**	**8828.06**	**-**	**-**	**-**

31 March 2017

(₹ in Lakhs)

Particulars	Carrying Amount			Fair Value		
	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value	377.97	-	377.97	-	377.97	-
Financial assets not measured at fair value						
Investments	6115.88	-	6115.88	-	-	-
Other loans	513.36	-	513.36	-	-	-
Accrued interest	22.49	-	22.49	-	-	-
Trade receivables	2059.03	-	2059.03	-	-	-
Cash and bank balances	779.56	-	779.56	-	-	-
Total	**9868.29**	**-**	**9868.29**	**-**	**377.97**	**-**
Financial liabilities not measured at fair value						
Secured bank loans	6774.16	-	6774.16	-	-	-
Loans from related parties	1360.57	-	1360.57	-	-	-
Loans from others	425.10	-	425.10	-	-	-
Trade payables	1179.13	-	1179.13	-	-	-
Accrued interest	41.23	-	41.23	-	-	-
Unpaid dividend	33.88	-	33.88	-	-	-
Total	**9814.07**	**-**	**9814.07**	**-**	**-**	**-**

NOTES TO STANDALONE FINANCIAL STATEMENTS

1 April 2016

(₹ in Lakhs)

Particulars	Carrying Amount			Fair Value		
	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value	366.57	-	366.57	-	366.57	-
Financial assets not measured at fair value						
Investments	6115.88	-	6115.88	-	-	-
Other loans	490.38	-	490.38	-	-	-
Accrued interest	35.92	-	35.92	-	-	-
Trade receivables	3229.63	-	3229.63	-	-	-
Cash and bank balances	939.35	-	939.35	-	-	-
Total	**11177.73**	**-**	**11177.73**	**-**	**366.57**	**-**
Financial liabilities not measured at fair value						
Secured bank loans	7521.96	-	7521.96	-	-	-
Loans from related parties	501.58	-	501.58	-	-	-
Loans from others	221.34	-	221.34	-	-	-
Trade payables	1409.99	-	1409.99	-	-	-
Accrued interest	43.88	-	43.88	-	-	-
Unpaid dividend	28.49	-	28.49	-	-	-
Total	**9727.24**	**-**	**9727.24**	**-**	**-**	**-**

38 Financial risk management objectives and policies

1. Overview

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

2. Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.The Board is responsible for developing and monitoring the company's risk management policies.

• Credit risk

i) **Credit risk** is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

ii) **Trade and other receivables:** The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The following table provides information about the exposure to credit risk and measurement of loss allowance using Life time expected credit loss for trade receivables:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Not due	198.81	433.44	1183.19
Upto 1 year	1815.10	1544.34	1834.08
1 to 2 years	188.32	90.30	62.69
2 to 3 years	53.93	49.59	62.93
More than 3 years	115.46	77.12	179.32
Total	**2371.62**	**2194.79**	**3322.21**

Finanacial assets are considered to be of good quality and there is no significant increase in credit risk

Movements in allowance for credit losses of receivables is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	135.76	92.58
Charge in statement of profit and loss	18.09	43.18
Release to statement of profit and loss	-	-
Utilised during the year	-	-
Balance at the end of the year	**153.85**	**135.76**

3. Cash and cash equivalents: The company held cash and cash equivalents of **₹ 221.45** Lakhs (31 March 2017: ₹ 196.31 Lakhs and 1 April 2016: ₹ 166.65 Lakhs). The cash and cash equivalents are held with public sector banks. There is no impairment on cash and cash equivalents as on the reporting date and the comparative period.

• Liquidity risk

i) **Liquidity risk** is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

ii) The company aims to maintain the level of its cash and cash equivalents and investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The company also monitors the level of level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities. This excludes potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

iii) Exposure to Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

31 March 2018

(₹ in Lakhs)

Particulars	Carrying amount	1 year or less	1-3 years	More than 3years
Borrowings- secured	6486.09	3860.12	1642.80	983.17
Borrowings- un-secured	1453.63	-	-	1453.63
Trade payables	854.86	854.86	-	-
Other financial liabilities	33.48	33.48	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS

31 March 2017

(₹ in Lakhs)

Particulars	Carrying amount	1 year or less	1-3 years	More than 3years
Borrowings- secured	7199.26	3667.17	2410.08	1122.01
Borrowings- un-secured	1360.57	-	-	1360.57
Trade payables	1179.13	1179.13	-	-
Other financial liabilities	75.11	75.11	-	-

1 April 2016

(₹ in Lakhs)

Particulars	Carrying amount	1 year or less	1-3 years	More than 3years
Borrowings- secured	7743.30	4498.44	2452.97	791.89
Borrowings- un-secured	501.58	-	-	501.58
Trade payables	1409.99	1409.99	-	-
Other financial liabilities	72.37	72.37	-	-

• **Market risk**

i) Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates prices, will affect the company's income or the value of its financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables, long term debt and commodity prices. The company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
Currency	**USD**	**EURO**	**USD**	**EURO**	**USD**	**EURO**
Borrowings	4351.83	-	4254.72	-	3124.85	-
Trade receivables (including bill discounting)	1140.40	24.23	1003.85	73.35	2029.72	149.13
Trade and other payables (including payable for capital goods)	34.58	89.18	56.62	55.60	91.39	773.92
Interest accrued but not due	23.68	-	30.78	-	37.47	-
Bank balances (Including deposits)	235.09	137.76	222.74	54.02	239.30	40.29
Total	**5785.58**	**251.17**	**5568.71**	**182.97**	**5522.73**	**963.34**

ii) Currency risk: The company is exposed to foreign exchange risk arising from foreign currency transaction. The company also imports and the risk is managed by regular follow up . The company has a policy which is implemented when the foreign currency risk become significant.

A 10% appreciation/depreciation of the foreign currencies with respect to functional currency of the Company would result in an increase/decrease in the Company's net profit before tax by approximately **₹301.30** Lakhs (March 31, 2017: ₹ 153.17 Lakhs).

iii) Interest rate risk: Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through the statement of profit and loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased profit or loss by **₹57.50** Lakhs (31 March 2017: ₹ 55.25 Lakhs). This analysis assumes that all other variables remain constant.

• **Operational risk**

i) Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

ii) The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

iii) The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective.

iv) Compliance with company's standards is supported by a programme of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the audit committee and board of the company.

39 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	Pokarna Engineered Stone Limited (wholly owned subsidiary)	Security by way of pledge of 51% equity shares of Pokarna Engineered Stone Limited to its lenders for availing credit facilities. Credit facilities outstanding **₹8610.81** Lakhs (31 March, 2017 ₹ 10153.58 Lakhs, 31 March, 2016 ₹ 11663.84 Lakhs)

40 Previous year figures are regrouped, rearranged and reclassified wherever considered necessary in order to confirm to the current years presentation.

41 First time IND AS adoption

As stated in Note 2A, these are the Company's first standalone financial statements prepared in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its standalone financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 2 have been applied in preparing these standalone financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing the Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in standalone financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position and financial performance.

Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

NOTES TO STANDALONE FINANCIAL STATEMENTS

A. Optional exemptions availed

Property plant and equipment, capital work-in-progress and intangible assets

As per Ind AS 101 an entity may elect to:

i) Measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.

ii) Use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to

- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

iii) Use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of capital work-in-progress and intangible assets also. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities.

B. Mandatory exceptions

1. Estimates

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the previous GAAP are listed below:

a) Determination of the discounted value for financial instruments carried at amortised cost.

b) Impairment of financial assets based on the expected credit loss model.

2. Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 prospectively as reliable information was not available at the time of initially accounting for these transactions.

3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

NOTES TO STANDALONE FINANCIAL STATEMENTS

41.1 Reconciliation of equity

(₹ in Lakhs)

Particulars	Note	As at March 31, 2017	As at April 1, 2016
Total equity under previous GAAP		12546.57	11593 .45
1 Reversal of proposed dividend and tax thereon	iii	223.89	746.31
2 Deferred tax- asset on indexation of free-hold land	xii	131.53	121.74
3 Increase in deferred tax- liability on property, plant and equipment due to balance sheet approach	xii	(705.13)	(705.35)
4 Provision for restoration liability	ix	(26.41)	(24.61)
5 Stripping activity cost capitalised	vii	97.87	-
6 Deferred tax on provision for restoration liability	xii	9.14	8.51
7 Fair valuation of financial assets	x	(0.77)	-
Total IND AS adjustment		**(269.88)**	**146.60**
Total equity under Ind AS		**12276.69**	**11740.05**

41.2 Reconciliation of income statement

(₹ in Lakhs)

Particulars	Note	As at March 31, 2017
Profit after tax under previous GAAP		1177.02
1 Net impact of fair valuation of financial assets	x	(0.77)
2 Remeasurements of defined benefit plans	iv	(63.14)
3 Stripping activity cost capitalised	vii	97.87
4 Unwinding of discount on provision for restoration liability	ix	(1.80)
5 Deferred tax	xii	32.48
Net Profit as per Ind-AS		1241.66
6 Other comprehensive income (net of tax)	viii	41.29
Total comprehensive income as per Ind-AS		**1282.95**

41.3 Notes for Balance sheet and profit and loss

i) Restatement of prior period items

Under Ind AS, the Company is required to retrospectively present the material prior period errors identified by:

a) restating the comparative amounts for the prior period(s) presented in which the error occurred;

b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Under the previous GAAP, prior period items were recognised in the statement of profit and loss in the year in which identified.

ii) Re-classification of financial assets and liabilities

Under Ind AS, all financial assets and liabilities are to be disclosed separately on the face of the Balance Sheet. Under previous GAAP, there was no such requirement. Thus, all the assets and liabilities meeting the recognition criteria of financial asset or liability as per Ind AS 32 and Ind AS 109 have been re-classified and shown separately on the face of the Balance Sheet.

iii) Proposed dividend

Under previous GAAP, proposed dividends including dividend distribution tax thereon were recognized as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognized as liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the company, the declaration of dividend occurs after period end. Therefore, the liability recognized towards dividend as at March 31, 2017 and April 01, 2016 has been derecognized against retained earnings and recognized in the year of payment.

NOTES TO STANDALONE FINANCIAL STATEMENTS

iv) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2016 or as on 31 March 2017. As per para 122 of Ind AS19, company has transferred all re-measurement cost recognised in the past within accumulated profits.

v) Borrowings at amortised cost

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method.

vi) Excise duty

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and expenses for the year ended 31 March 2017. The total comprehensive income for the year ended and equity as at 31 March 2017 has remained unchanged.

vii) Stripping cost

Recognition of Stripping Cost in the production phase of surface mine:

The impact on account of change in accounting policy from charging the stripping cost to statement of profit and loss to capitalising as Intangible Asset as 'Stripping Activity Asset' is recognized in the Reserves and consequential impact of depletion and write offs/ amortisation is recognized in the Statement of Profit and Loss.

viii) Other comprehensive income (OCI)

Under Indian GAAP, the company had not presented other comprehensive income separately. Hence, it has reconciled Indian GAAP profit or loss to or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

ix) Restoration liability

The Company has estimated the asset restoration liability as per Ind AS of past years at the transition date, recognized in reserves and such obligation is recognized and measured at present value by attributing time value of money. The impact for the periods subsequent to the date of transition is reflected in the Statement of Profit and Loss.

x) Fair value of Financial assets

The Company has valued financial assets (other than investment in subsidiaries, which are accounted at cost), at fair value. Impact of fair value changes as on the date of transition, is recognized in reserves and changes thereafter are recognized in Statement of Profit and Loss or Other Comprehensive Income, as the case may be.

xi) Trade receivables

Under Ind AS, impairment allowance has been determined based on expected credit loss model (ECL).

xii) Deferred tax

The above Ind AS adjustments has resulted in changes in the deferred tax liability.

In terms of our report attached

For K.C.Bhattacharjee & Paul
Chartered Accountants
(F.No.303026E)

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 28 May, 2018

For and on behalf of Board of Directors

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

Meka Yugandhar
Director
(D.No: 00012265)

Rahul Jain
Managing Director
(D.No: 00576447)

Apurva Jain
Executive Director
(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

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	
		March 31, 2018	**April 1, 2017**
5	Share capital	417.06	417.06
6	Reserves & Surplus	11509.4	8514.95
7	Total Assets	32379.83	30798.66
8	Total Liabilities	32379.83	30798.66
9	Investments	Nil	Nil
10	Turnover	18142.16	22137.02
11	Profit Before Taxation	3381.45	7110.09
12	Provision for Taxation	394.29	1326.24
13	Profit After Taxation	2987.16	5783.85
14	Total Comprehensive Income	2994.45	5775.7
15	Proposed Dividend	Nil	Nil
16	% of Share holding	100%	100%

INDEPENDENT AUDITORS' REPORT

To
The Members of
Pokarna Limited

Report on the Consolidated Indian Accounting Standards ('IND AS') Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Pokarna Limited (hereinafter referred to as "the Company" or "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS financial statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements 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 (including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its subsidiary in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act read with relevant rules issued thereunder.

   The respective Board of Directors of the Companies included in the Group and of its subsidiary are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its subsidiary and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments 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 have been used for the purpose of preparation of the consolidated Ind AS 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 Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

4. 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 consolidated Ind AS financial statements are free from material misstatement.

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

   We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 7 and 8 of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS 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 (financial position) of the Group as at March 31, 2018 and their consolidated profit (financial performance) including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

7. We did not audit the financial statements of its subsidiary, Pokarna Engineered Stone Limited included in the consolidated Ind AS financial statements which financial statements reflect total assets of ₹ 32379.83 Lakhs as at 31 March, 2018, total revenues of ₹ 18505.55 Lakhs, total net profit after tax of ₹ 2987.16 Lakhs, total comprehensive income of ₹ 2994.45 Lakhs and net cash flow amounting to ₹ (978.30) Lakhs for the year ended on that date, as considered in the consolidated financial statements. The financial statements of the subsidiary has been audited by an another firm of Chartered Accountants whose report has been furnished to us by the management, and our opinion in so far as it relates to these financial statements, is based solely on the reports of the other auditors.

8. Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of above matters with respect to our reliance on the work done and the report of the other auditors.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph, 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 Ind AS financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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 (including other comprehensive income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

   (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2018 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 31 March, 2018 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 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 Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its subsidiary. Refer Note 32 to the consolidated Ind AS financial statements.

      (ii) Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      (iii) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies during the year ended March 31, 2018.

For K.C. Bhattacharjee & Paul.,
Chartered Accountants
(ICAI FRN: 303026E)

(Manoj Kumar Bihani)
Partner
Membership No. 234629

Place: Hyderabad
Date: 28.05.2018

ANNEXURE - A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 (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, 2018.

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, 2018, 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, 2018, based on the internal control over financial reporting criteria established by the respective companies 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 K.C. Bhattacharjee & Paul.,
Chartered Accountants
(ICAI FRN: 303026E)

(Manoj Kumar Bihani)
Partner
Membership No. 234629

Place: Hyderabad
Date: 28.05.2018

CONSOLIDATED BALANCE SHEET

(₹ in Lakhs)

	Note	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
I Non-current assets				
(a) Property, plant and equipment	3	24899.82	25858.54	23003.08
(b) Capital work-in-progress		110.46	282.54	2005.37
(c) Intangible assets	3	192.26	97.87	-
(d) Financial assets				
(i) Loans	4(A)	542.77	774.72	664.13
(ii) Other financial assets	5(A)	199.56	199.53	274.23
(e) Deferred tax asset (net)	6(A)	408.60	41.65	-
(f) Other non-current assets	7(A)	2290.44	2430.51	1255.82
Total non-current assets		**28643.91**	**29685.36**	**27202.63**
II Current assets				
(a) Inventories	8	9715.45	9759.93	8858.66
(b) Financial assets				
(i) Trade receivables	9	6906.82	6652.07	7849.76
(ii) Cash and cash equivalents	10	1316.41	2096.61	728.85
(iii)Bank balances other than (ii) above	11	773.59	659.94	605.23
(iv) Loans	4(B)	244.87	404.66	330.19
(v) Other financial assets	5(B)	23.60	32.02	34.27
(c) Current tax assets	12	7.90	7.90	7.90
(d) Other current assets	7(B)	722.83	482.30	380.89
Total current assets		**19711.47**	**20095.43**	**18795.75**
III Assets held for sale and discontinued operations	33	**2737.99**	**-**	**-**
Total Assets		**51093.37**	**49780.79**	**45998.38**
EQUITY AND LIABILITIES				
I Equity				
(a) Equity share capital	13	620.08	620.08	620.08
(b) Other equity	14	18513.56	14470.71	8158.38
Total equity		**19133.64**	**15090.79**	**8778.46**
Liabilities				
II Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	15(A)	16146.72	18227.78	17905.49
(b) Provisions	17(A)	294.60	348.43	1993.79
(c) Deferred tax liabilities (net)	6(B)	650.35	767.47	836.05
(d) Other non-current liabilities	19(A)	35.52	-	-
Total non-current liabilities		**17127.19**	**19343.68**	**20735.33**
III Current liabilities				
(a) Financial liabilities				
(i) Borrowings	15(B)	5854.08	5276.66	6556.82
(ii) Trade payables	20	2829.94	2791.88	2426.40
(iii) Other financial liabilities	16	3471.68	3829.30	2839.34
(b) Other current liabilities	19(B)	1394.33	2252.61	2877.30
(c) Provisions	17(B)	313.63	151.33	396.26
(d) Current tax liabilities (net)	18	314.53	1044.54	1388.47
Total current liabilities		**14178.19**	**15346.32**	**16484.59**
IV Liabilities held for sale and discontinued operations	33	654.35	-	-
Total Equity and Liabilities		**51093.37**	**49780.79**	**45998.38**
Notes forming part of the financial statements	1 - 40			

In terms of our report attached

For K.C.Bhattacharjee & Paul
Chartered Accountants
(F.No.303026E)

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 28 May, 2018

For and on behalf of Board of Directors

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

Meka Yugandhar
Director
(D.No: 00012265)

Rahul Jain
Managing Director
(D.No: 00576447)

Apurva Jain
Executive Director
(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

	Note	Year ended March 31, 2018	Year ended Marc h 31, 2017
CONTINUING OPERATIONS			
I Revenue from operations	21	32899.82	36990.48
II Other income	22	572.85	1001.49
III Total income		**33472.67**	**37991.97**
IV Expenses:			
a) Cost of raw material consumed	23	8236.70	8823.24
b) Purchase of stock-in-trade		90.28	61.99
c) Changes in stock of finished goods, work-in-progress and stock-in-trade	24	(719.64)	(1268.87)
d) Excise duty		83.60	255.00
e) Employee benefits expense	25	3465.00	3304.50
f) Depreciation and amortization expense	26	1993.21	1724.82
g) Finance costs	27	2786.87	3201.44
h) Other expenses	28	12022.07	12176.63
Total expenses		**27958.09**	**28278.75**
V Profit before tax (III-IV)		**5514.58**	**9713.22**
VI Tax expense:	29		
a) Current tax		1307.26	2036.63
Less: MAT credit entitlement		(303.21)	(1298.08)
b) Deferred tax		(133.30)	1254.07
Total tax expense		**870.75**	**1992.62**
VII Profit after tax from continuing operations (V-VI)		**4643.83**	**7720.60**
VIII DISCONTINUED OPERATIONS			
(Loss) from discontinued operations before tax		(399.92)	(778.83)
Tax expense of discontinued operations		30.05	(83.74)
(Loss)after tax from discontinued operations		**(429.97)**	**(695.09)**
IX Profit for the year (A)		**4213.86**	**7025.51**
X Other comprehensive income / (loss)			
(i) Items that will not be reclassified to profit or loss		80.86	50.66
(ii) Income tax relating to items that will not be reclassified to profit or loss		(27.98)	(17.53)
Total other comprehensive income / (loss) (B)		**52.88**	**33.13**
XI Profit from continuing operations for the year:			
Shareholders of the company		4643.83	7720.60
Non controlling interests		-	-
		4643.83	**7720.60**
XII (Loss) from discontinued operations for the year:			
Shareholders of the company		(429.97)	(695.09)
Non controlling interests		-	-
		(429.97)	**(695.09)**
XIII Total comprehensive income for the year: (A+B)			
(i) Shareholders of the company		4266.74	7058.64
(ii) Non controlling interests		-	-
		4266.74	**7058.64**
XIV Earnings per share for continuing operations (in ₹)	30	14.98	24.90
XV Earnings per share for discontinued operations (in ₹)		(1.39)	(2.24)
XVI Earnings per share - Basic and Diluted (in ₹)		13.59	22.66
XVII Nominal Value of share (in ₹)		2.00	2.00
Notes forming part of the financial statements	1 - 40		

In terms of our report attached

For K.C.Bhattacharjee & Paul
Chartered Accountants
(F.No.303026E)

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 28 May, 2018

For and on behalf of Board of Directors

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

Meka Yugandhar
Director
(D.No: 00012265)

Rahul Jain
Managing Director
(D.No: 00576447)

Apurva Jain
Executive Director
(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Equity shares			
Balance at the beginning of the year	620.08	620.08	620.08
Changes during the year	-	-	-
Balance at the end of the year	**620.08**	**620.08**	**620.08**

B. Other equity

(₹ in Lakhs)

	Other Comprehensive Income	General Reserve	Retained earnings	Share Premium	Debenture Redemption Reserve	Total Other Equity
Opening balance as on 01.04.2017	**33.13**	**980.36**	**13117.76**	**73.96**	**265.50**	**14470.71**
Profit for the year			4213.86	-		4213.86
Movement in OCI (Net) during the year	52.88				-	52.88
Transfer from debenture redemption reserve			132.75		(132.75)	-
Dividend			(186.02)			(186.02)
Tax on dividend			(37.87)			(37.87)
Closing balance as on 31.03.2018	**86.01**	**980.36**	**17240.48**	**73.96**	**132.75**	**18513.56**

(₹ in Lakhs)

	Other Comprehensive Income	General Reserve	Retained earnings	Share Premium	Debenture Redemption Reserve	Total Other Equity
Opening balance as on 01.04.2016		**980.36**	**7104.06**	**73.96**	**-**	**8158.38**
Profit for the year			7025.51			7025.51
Dividend			(620.08)			(620.08)
Tax on dividend			(126.23)			(126.23)
Transfer to debenture redemption reserve			(265.50)		265.50	-
Movement in OCI (Net) during the year	33.13					33.13
Closing balance as on 31.03.2017	**33.13**	**980.36**	**13117.76**	**73.96**	**265.50**	**14470.71**

In terms of our report attached

For K.C.Bhattacharjee & Paul
Chartered Accountants
(F.No.303026E)

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 28 May, 2018

For and on behalf of Board of Directors

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

Rahul Jain
Managing Director
(D.No: 00576447)

M Viswanatha Reddy
Chief Financial Officer

Meka Yugandhar
Director
(D.No: 00012265)

Apurva Jain
Executive Director
(D.No: 06933924)

CONSOLIDATED STATEMENT OF CASH FLOW

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxes	5514.58	9713.22
Adjustments:		
Depreciation and amortization expense	1993.21	1724.82
Loss/(profit) on sale of fixed assets	100.64	(6.18)
Amortization of land lease expenses	36.05	35.96
Unrealized foreign exchange (gain) / loss, net	(231.11)	(213.41)
Provision for doubtful debts	15.97	2.73
Provision for warranties	161.18	193.53
Finance costs	2786.87	3201.44
Deferred income - Government grant	(5.65)	-
Re–measurement Gain/losses on employee defined benefit plans	49.12	47.57
Interest income	(79.56)	(94.04)
Operating profit before working capital changes	**10341.30**	**14605.64**
Changes in working capital and other provisions:		
Trade receivables	(231.92)	1175.19
Inventories	(570.61)	(1096.12)
Loans and advances and other assets	(137.79)	(1470.73)
Other liabilities and provisions	401.26	486.97
Cash generated from operations	**9802.24**	**13700.95**
Income taxes paid, net	(2037.73)	(2380.37)
Net cash from/(used in) operating activities	**7764.51**	**11320.58**
Net cash from discontinued activities	(50.90)	(217.37)
Net Cash from continuing and discontinued activities	**7713.61**	**11103.21**
(B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and Intangible assets	(2920.63)	(3164.27)
Proceeds from sale of property, plant and equipment	19.70	8.74
Interest income	79.56	94.04
Net cash from /(used in) investing activities	**(2821.37)**	**(3061.49)**
Net cash from discontinued activities	(148.20)	(139.21)
(net of amount received from Granite division of ₹ 842.86 Lakhs, p.y. ₹ 408.47 Lakhs)		
Net Cash from continuing and discontinued activities	**(2969.57)**	**(3200.70)**

CONSOLIDATED STATEMENT OF CASH FLOW

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(1896.27)	(2813.77)
Other borrowings	(178.79)	387.84
Interest expense	(2786.87)	(3201.44)
Dividend paid	(223.89)	(746.31)
Net cash generated in financing activities	**(5085.82)**	**(6373.68)**
Net cash from discontinued activities	(72.40)	(92.35)
Net cash from continuing and discontinued activities	**(5158.22)**	**(6466.03)**
Net increase/ (decrease) in cash and cash equivalents	**(414.18)**	**1436.48**
Add: cash and cash equivalents at the beginning of the year	419.48	(1151.26)
Effect of exchange gain on cash and cash equivalents	154.79	134.26
Cash and cash equivalents at the end of the period	**160.09**	**419.48**
Cash and cash equivalents from continuing operations (refer note 10.1)	**160.50**	**419.48**
Cash and cash equivalents from discontinued operations	**(0.41)**	**-**
Cash and cash equivalents from continuing and discontinued activities	**160.09**	**419.48**

In terms of our report attached

For K.C.Bhattacharjee & Paul
Chartered Accountants
(F.No.303026E)

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 28 May, 2018

For and on behalf of Board of Directors

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

Meka Yugandhar
Director
(D.No: 00012265)

Rahul Jain
Managing Director
(D.No: 00576447)

Apurva Jain
Executive Director
(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Notes to Financial Statements for the Year ended 31 March, 2018

Brief Background of the Company

Pokarna Limited (the "Company") is a public limited company incorporated under the Companies Act,1956 and existing under the provisions of the Companies Act, 2013. The Company's registered office is at Secunderabad, Telangana, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company and its subsidiary are collectively referred to as 'the Group'.

The Group is principally engaged in the business:

(a) quarrying, manufacturing & processing and selling of Granite;

(b) manufacturing and selling of Apparel under the brand name 'Stanza'; and

(c) manufacturing, processing and selling of high quality engineered quartz surfaces.

The financial statements as at March 31, 2018 are approved for issue by the Company's Board of Directors on May 28, 2018.

2. Significant accounting policies

The significant accounting policies applied by the Group in the preparation of its financial statements are listed below.

Such accounting policies have been applied consistently to all the periods presented in these financial statements and in preparing the opening Ind AS Balance Sheet as at April 1, 2016 for the purpose of transition to Ind AS, unless otherwise indicated.

A Statement of compliance and basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. For all periods up to and including the year ended March 31, 2017, the Group prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014. These financial statements for the year ended March 31, 2018 are the first the Group has prepared in accordance with Ind AS. Refer note.40 for information on how the Group adopted Ind AS.

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

(i) certain financial assets are measured either at fair value or at amortized cost depending on the classification;

(ii) employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation; and

(iii) assets held for sale – measured at lower of carrying amount or fair value less cost to sell.

In accordance with Ind As 101 "First time adoption of Indian Accounting Standard", the Group has presented a reconciliation from the presentation of financial statements under accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of total equity as at April 1, 2016 and March 31, 2017 and total comprehensive income for the year ended March 31, 2017.

B Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle

(ii) Held primarily for the purpose of trading

(iii) Expected to be realized within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle

(ii) It is held primarily for the purpose of trading

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

C Critical estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reflected in the financial statements and accompanying notes, and related disclosure of contingent assets and liabilities. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and could have a materially adverse effect on reported results. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The areas involving critical estimates or judgements are:

(i) Assessment of functional currency

(ii) Estimation of provision for decommissioning and restoration liabilities

(iii) Recognition of stripping activity asset

(iv) Estimation of provision for warranties claim

(v) Assets and obligations relating to employee benefits

D Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company i.e. its subsidiary.

The financial statements of the Parent company and its subsidiary have been consolidated on a line-by-line basis together with 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.

E Property, plant and equipment

An item of property, plant and equipment is recognized as an asset if it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. This recognition principle is applied to the costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognized in the statement of profit and loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognized. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Trial run expenses (net of revenue) are capitalized. Borrowing costs incurred during the period of construction is capitalized as part of cost of the qualifying assets.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognized in the statement of profit and loss.

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

Transition to Ind AS:

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

F Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation or amortization is provided so as to write off, on a straight line basis, the cost of property, plant and equipment and other intangible assets, including those held under finance leases to their residual value. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period, if shorter. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. No further charge is provided in respect of assets that are fully written down but are still in use.

Depreciation on assets under construction commences only when the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are determined with reference to Schedule II to the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Freehold land is not depreciated.

G Intangible assets

(i) Intangible assets are stated at cost less accumulated amortization or impairment. Intangible assets are

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

amortized on their estimated useful life of assets. Expenditure incurred in research phase is expensed as incurred.

Stripping costs

(ii) Stripping costs

The Group separates two different types of stripping costs that are incurred in surface mining activity:

(a) Developmental stripping costs and

(b) Production stripping costs

Developmental stripping costs which are incurred in order to obtain access to quantities of mineral reserves that will be mined in future periods are capitalized as part of mining assets. Capitalization of developmental stripping costs ends when the commercial production of the mineral reserves begins.

Production stripping costs are incurred to raw granite in the form of inventories and/or to improve access to deeper levels of material. Production stripping costs are accounted for as inventories to the extent the benefit from production stripping activity is realized in the form of inventories.

The Group recognizes a stripping activity asset in the production phase if, and only if, all of the following are met:

(i) It is probable that the future economic benefit (improved access to the mine) associated with the stripping activity will flow to the Group

(ii) The Group can identify the component of the mine for which access has been improved and

(iii) The costs relating to the improved access to that component can be measured reliably

Such costs are presented within mining assets (Intangible Assets). After initial recognition, stripping activity assets are carried at cost less accumulated amortization and impairment. The Stripping activity assets are amortized based on cost of inventory produced compared with expected cost.

H Provision for decommissioning, site restoration and environmental costs

Under Ind AS, cost of an item of property, plant and equipment or intangible assets includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. Such cost of decommissioning, restoration or similar liability is to be added to or deducted from the cost of the asset to which it relates; the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life.

The Group has liabilities related to restoration of mines and other related works, which are due upon the closure of certain of its production sites.

Such liabilities are estimated case-by-case based on available information, taking into account applicable local legal requirements. The estimation is made using existing technology, at current prices, and discounted using a discount rate where the effect of time value of money is material. The effect of the time value of money on the restoration and environmental costs liability is recognized in the statement of profit and loss.

Transition to Ind AS:

A first-time adopter will not need to estimate what provision would have been calculated at earlier reporting dates. Instead, the decommissioning, site restoration and environmental liabilities are calculated at the date of transition and it is assumed that the same liability (adjusted only for the time value of money) existed when the asset was first acquired/ constructed. The liability so estimated is grouped under provisions.

I Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through statement of profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for trade receivables.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected in a separate line in the statement of profit and loss as an impairment gain or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of assets, impairment losses recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

J Leases

The Group determines whether an arrangement contains a lease by assessing whether the fulfilment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to the Group in return for payment. Where this occurs, the arrangement is deemed to include a lease and is accounted for either as finance or operating lease.

Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(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 unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

(ii) Finance lease – Finance leases are capitalized 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 recognized in the statement of profit and loss over the period of the lease.

K Financial instruments

Financial assets

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognized using trade date accounting.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Group's financial assets include security deposits, cash and cash equivalents, trade receivables and deposits with banks. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Investment in subsidiaries:

The Company has accounted for its investments in subsidiaries at cost.

Financial liabilities

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognized in the Statement of Profit and Loss as finance cost.

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group financial liabilities include Loans and borrowings and trade and other payables.

L Cash and bank balances

Cash and bank balances consist of:

(i) Cash and cash equivalents - which includes cash in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have maturities of less than three months from the date of such deposits. These balances with banks are unrestricted for withdrawal and usage.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdraft but including other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(ii) Other bank balances - which includes balances and deposits with banks that are restricted for withdrawal and usage.

M Employee benefits

(i) Short term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid towards bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Post -employment benefits:

Defined contribution plans:

Provident Fund

Eligible employees of the Group receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Group make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. employer contribution is charged to statement of profit and loss. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Group has no further obligation to the plan beyond its monthly contributions.

Employee state Insurance Scheme

Eligible employees of the Group are covered under "Employees State Insurance Scheme Act 1948", which are also defined contribution schemes recognized and administered by Government of India.

The Group's contributions to these schemes are recognized as expense in statement of profit and loss during the period in which the employee renders the related service. The Group has no further obligation under these plans beyond its monthly contributions.

Defined benefit plans:

The Group provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Group. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Group. Liability with regard to the Gratuity Plan is determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity Scheme.

The Group recognizes the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognized in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments is recognized in the statement of profit and loss.

Other long-term employee benefits

The liabilities for compensated absences which are not expected to occur within twelve months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income and are not reclassified to profit and loss in the subsequent periods.

N Inventories

Inventories are valued at lower of cost and net realizable value. Cost of raw materials, Stores and Spares, Consumables and Packing materials are valued at Cost on First-In-First-Out (FIFO) basis. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition on normal operating capacity. The cost of finished goods and work in progress includes raw materials, direct labour, other direct costs and appropriate portion of variable and fixed overhead expenditure, computed on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The Group assess the valuation of Inventories at each reporting period and write down the value for different finished goods based on their quality classes and ageing. Inventory provisions are provided to cover risks arising from slow-moving items, discontinued products, and net realizable value lower than cost. The process for evaluating these write-offs often requires us to make subjective judgments and estimates, based primarily on historical experience, concerning prices at which such inventory will be able to be sold in the normal course of business, planned product discontinuances and introduction of competitive new products, to the extent each of these factors impact the Group's business.

O Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) 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 a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for Warranties

The Group generally provides a standard warranty for covering manufacturing defects for different periods of time, depending on the type of product and the customer when the product is sold or service provided to the customer. The Group records a provision for the estimated cost to repair or replace products under warranty, which is estimated, based primarily on historical experience as well as management judgment. The assumptions made in relation to the current period are consistent with those in the prior year. This provision is not discounted to the present value and is determined based on the best estimate required to settle the obligations at the Balance Sheet date.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

P Government grants

Government grants related to expenditure on property, plant and equipment are credited to the statement of profit and loss over the useful lives of qualifying assets or other systematic basis representative of the pattern of fulfilment of obligations associated with the grant received. Total grants received less the amounts credited to the statement of profit and loss at the balance sheet date are included in the balance sheet as deferred income.

Q Non-current assets held for sale

Non-current assets comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in the statement of profit and loss. Gains are not recognized in excess of any cumulative impairment loss.

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation. The post-tax profit or loss of the discontinued operation together with the gain or loss recognized on its disposal are disclosed as a single amount in the statement of profit and loss, with all prior periods being presented on this basis.

R Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of profit and loss except relating to items recognized directly in equity or in other comprehensive income.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income Tax Act, 1961. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognized and carried forward only if it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Minimum Alternate Tax credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Group 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 Group will pay normal income tax during the specified period..

S Revenue

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group.

The specific recognition criteria described below must also be met before revenue is recognized:

Goods Sold: Revenue from sale of goods are recognized when significant risks and rewards are transferred in accordance with the terms of sale, and there is no unfulfilled obligation that could affect the customers' acceptance of the products and is net of trade discounts, sales returns, where applicable. Accordingly export and domestic revenue is recognized as per the relevant delivery term of Incoterms 2010 or such other terms of delivery as agreed with the buyer.

Rendering of services: Revenue is recognized in the period in which the services are rendered. For certain service revenue transactions with a specific customer, Group is responsible for installation. In such cases, it recognize such revenues upon receipt of acceptance evidence from the end consumer which occurs upon completion of the installation. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

Dividend Income is recognized when the Group's right to receive the payment has been established.

Export Benefits: Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

T Foreign currency

Items included in the financial statements of the Group are recorded using the currency of the primary economic environment (INR) in which the Group operates (the 'functional currency').

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the Statement of profit and loss of the year.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are not translated.

U Finance income and finance cost

Finance income comprises interest income on funds invested and dividend income. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognized on financial assets.

V Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

W Segment reporting

Each of the reportable segments derives its revenues from the main products and hence these have been identified as reportable segments by the Group's chief operating decision maker ("CODM"). Segment revenue, result, assets and liabilities include the respective amounts identifiable to each of the segments and amount allocated on a reasonable basis. Unallocated expenditure consists of common expenditure incurred for all the segments and expenses incurred at corporate level. The assets and liabilities that cannot be allocated between the segments are shown as unallocated corporate assets and unallocated corporate liabilities respectively.

X Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Y Dividend declared

The Group recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Z Application of new and revised Ind Ass

All the Indian Accounting Standards ("Ind AS") issued and notified by the Ministry of Corporate Affairs are effective and considered for the significant accounting policies to the extent relevant and applicable for the Group.

The Group has not applied the following new and revised Indian Accounting Standards ("Ind AS") that have been issued and notified by the Ministry of Corporate Affairs in March 2018 but are not yet effective.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Group will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Property, plant and equipment & Intangible assets

(₹ in Lakhs)

Particulars	Property, plant and equipment									Intangible assets		
	Lease hold land	Land	Buildings	Factory & quarry buildings	Plant & machinery	Furniture & fixtures	Office equipment	Vehicles	Total of property, plant and equipment	Trade marks & brand name	Stripping cost activity asset	Total of intangible assets
1. Deemed Cost (Gross Carrying Amount)												
Balance as at 1 April 2016	1186.55	514.05	720.09	6366.43	29434.38	801.76	530.23	914.14	40467.63	382.80	-	382.80
Additions	-	65.96	-	693.42	3821.80	102.56	72.70	124.21	4880.65	-	-	-
Disposals/ transfer	-	-	-	-	(66.78)	(79.53)	(3.51)	(45.58)	(195.40)	-	-	-
Ind-AS Adjustment / reclassification	(1186.55)	63.61	-	-	(63.61)	-	-	-	(1186.55)	-	97.87	97.87
Balance as at 31 March 2017	**-**	**643.62**	**720.09**	**7059.85**	**33125.79**	**824.79**	**599.42**	**992.77**	**43966.33**	**382.80**	**97.87**	**480.67**
Balance as at 1 April 2017	-	643.62	720.09	7059.85	33125.79	824.79	599.42	992.77	43966.33	382.80	97.87	480.67
Additions	-	1505.24	-	183.48	1022.97	1.06	27.40	114.91	2855.06	-	212.47	212.47
Disposals/ transfer	-	-	-	-	(611.40)	-	(1.28)	(43.26)	(655.94)	-	(113.77)	(113.77)
Relating to discontinued operations	-	(139.49)	(58.07)	(1118.76)	(2392.19)	(594.32)	(103.97)	(93.18)	(4499.98)	(382.80)	-	(382.80)
Balance as at 31 March 2018	**-**	**2009.37**	**662.02**	**6124.57**	**31145.17**	**231.53**	**521.57**	**971.24**	**41665.47**	**-**	**196.57**	**196.57**
2. Accumulated Depreciation												
Balance as at 1 April 2016	312.01	-	374.25	1749.75	12835.30	503.91	320.50	494.29	16590.01	382.80	-	382.80
Depreciation for the year	35.96	-	12.83	221.03	1510.00	88.41	71.26	81.57	2021.06	-	-	-
Disposals	-	-	-	-	(53.09)	(55.00)	(3.31)	(43.91)	(155.31)	-	-	-
Ind-AS Adjustment / reclassification	(347.97)	-	-	-	-	-	-	-	(347.97)		-	-
Balance as at 31 March 2017	**-**	**-**	**387.08**	**1970.78**	**14292.21**	**537.32**	**388.45**	**531.95**	**18107.79**	**382.80**	**-**	**382.80**
Balance as at 1 April 2017	-	-	387.08	1970.78	14292.21	537.32	388.45	531.95	18107.79	382.80	-	382.80
Depreciation for the year	-	-	11.81	206.23	1487.08	17.33	67.38	85.30	1875.13	-	118.08	118.08
Disposals	-	-	-	-	(493.83)	-	(0.69)	(41.09)	(535.61)	-	(113.77)	(113.77)
Relating to discontinued operations	-	-	(37.20)	(397.97)	(1677.36)	(402.26)	(83.93)	(82.94)	(2681.66)	(382.80)	-	(382.80)
Balance as at 31 March 2018	**-**	**-**	**361.69**	**1779.04**	**13608.10**	**152.39**	**371.21**	**493.22**	**16765.65**	**-**	**4.31**	**4.31**
3. Carrying Amount (Net)												
At 1 April 2016	-	514.05	345.84	4616.68	16599.08	297.85	209.73	419.85	23003.08	-	-	-
At 31 March 2017	**-**	**643.62**	**333.01**	**5089.07**	**18833.58**	**287.47**	**210.97**	**460.82**	**25858.54**	**-**	**97.87**	**97.87**
At 31 March 2018	**-**	**2009.37**	**300.33**	**4345.53**	**17537.07**	**79.14**	**150.36**	**478.02**	**24899.82**	**-**	**192.26**	**192.26**

3.1) Capital work-in-progress ₹ **110.46 Lakhs** (March 31, 2017 ₹ 282.54; April 1, 2016 ₹ 2005.37)

3.2) Details of finance lease - Refer note.15.4

3.3) Details of security of property, plant and equipment subject to charge to secured borrowings - refer note no.15.1 & 15.3

3.4) Land includes cost of land admeasuring Acres 2.11 cents, which has been disputed by third parties pending disposal.

3.5) Land includes ₹ **44.22 Lakhs** (March 31, 2017 ₹ 92.10 Lakhs; April 1, 2016 ₹ 50.55 Lakhs) admeasuring **41.94 acres** (March 31, 2017 42.92 acres; April 1, 2016 9.49 acres) for which title/conveyance deeds are pending for execution in favour of company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Loans

A. Non-current loans

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Security deposit	390.11	547.71	444.97
Other loans	152.66	227.01	219.16
Total	**542.77**	**774.72**	**664.13**

B. Current loans

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Other loans	244.36	404.56	329.50
Loans to employees	0.51	0.10	0.69
Total	**244.87**	**404.66**	**330.19**

5. Other financial assets

A. Non-current financial assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Deposits with maturity for more than 12 months			
Margin money deposits - given against a bank guarantee/letter of credit	198.92	199.21	266.51
Interest accrued on fixed deposits	0.64	0.32	7.72
Total	**199.56**	**199.53**	**274.23**

B. Current financial assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Interest accrued on fixed deposits	23.60	32.02	34.27
Total	**23.60**	**32.02**	**34.27**

6. Deferred tax

A. Deferred tax assets (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred tax asset			
Receivables	8.52	10.86	-
Unused tax credit	2125.46	1822.24	-
Provisions	274.74	511.67	-
	2408.72	**2344.77**	**-**
Deferred tax liabilities			
Property, plant & equipment	2000.12	2303.12	-
	2000.12	**2303.12**	**-**
Total	**408.60**	**41.65**	**-**

B. Deferred tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred tax liabilities			
Property, plant & equipment	759.14	925.54	2975.30
	759.14	**925.54**	**2975.30**
Deferred tax asset			
Carryover losses	-	-	780.81
Receivables	44.80	46.98	56.90
Unused tax credit	-	-	524.16
Provisions	63.99	111.09	777.38
	108.79	**158.07**	**2139.25**
Total	**650.35**	**767.47**	**836.05**

Deferred tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
At the start of the year	725.82	836.05	
Amount related to Discontinued operations	(64.56)		
Unused tax credit	(303.21)	(1298.08)	
Charge/ (Credit) to statement of P&L	(116.30)	1187.85	
At the end of the year	**241.75**	**725.82**	**836.05**

Component of Deferred tax liabilities/(asset)

(₹ in Lakhs)

Deferred tax liabilities/(asset) in relation to:	As at March 31, 2017	Charge/(credit) to profit or loss	As at March 31, 2018
Property, plant and equipment	3228.66	(362.42)	2866.24
Provisions	(622.76)	241.61	(381.15)
Receivables	(57.84)	4.52	(53.32)
Unused tax credit	(1822.24)	(303.22)	(2125.46)
Amount related to Discontinued operations		(64.56)	(64.56)
Total	**725.82**	**(484.07)**	**241.75**

7. Other assets

A. Non-current assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Capital advances	1483.51	1560.20	337.81
Prepaid lease payments	802.55	838.60	874.56
Defer lease rentals	4.38	31.71	43.45
Total	**2290.44**	**2430.51**	**1255.82**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

B. Current assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Indirect taxes recoverable	171.59	19.75	32.15
Advance to suppliers	277.18	201.51	96.53
Prepaid expenses	274.06	261.04	252.21
Total	**722.83**	**482.30**	**380.89**

8. Inventories

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Raw materials	1072.28	1306.94	1524.69
Work-in-progress	874.71	1437.46	611.94
Finished goods	6180.88	5225.23	4905.24
Traded goods	-	76.53	78.13
Consumables, stores & spares	1472.03	1580.29	1534.42
Packing material	60.52	94.39	138.00
Others	55.03	39.09	66.24
Total	**9715.45**	**9759.93**	**8858.66**
Details of materials in transit included in inventories above			
Raw materials	4.01	25.16	25.52
Traded goods	-	-	5.39
Consumables, stores & spares	12.83	3.90	3.45
Packing material	-	0.38	-

9. Trade receivables

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good unless stated otherwise			
Considered good	6906.82	6652.07	7687.74
Doubtful	183.12	167.15	326.44
Less : Allowance for credit losses	183.12	167.15	164.42
Total	**6906.82**	**6652.07**	**7849.76**

9.1 There are no outstanding debts due from directors or other officers of the respective entities.

10. Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash in hand	1.55	3.06	3.12
Balances with banks:			
On current accounts	1163.59	818.31	540.80
On cash credit accounts	151.27	4.20	15.92
Margin money deposits - given against a bank guarantee/letter of credit-with maturity less than three months	-	1271.04	169.01
Total	**1316.41**	**2096.61**	**728.85**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10.1 For the purpose of statement of cash flows, cash and cash equivalents comprise of following

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash and cash equivalents	1316.41	2096.61	728.85
Less: Cash credit [refer note. 15(B)]	(1155.91)	(1677.13)	(1880.12)
Total	**160.50**	**419.48**	**(1151.27)**

11. Other bank balances

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Margin money deposits - given against a bank guarantee/letter of credit with maturity for more than 3 months but less than 12 months	763.79	626.06	576.74
In unpaid dividend account	9.80	33.88	28.49
Total	**773.59**	**659.94**	**605.23**

12. Current tax assets

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Tax refundable	7.90	7.90	7.90
Total	**7.90**	**7.90**	**7.90**

13. Share capital

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorized:			
10,00,00,000 (March 31, 2017: 2,00,00,000 and April 1, 2016: 2,00,00,000) Equity Shares of ₹ 2/- each (₹ 10/-) par value	2000.00	2000.00	2000.00
Issued, Subscribed and fully paid-up:			
3,10,04,000 (March 31, 2017: 62,00,800 and April 1, 2016: 62,00,800) Equity Shares of ₹ 2/- each (₹ 10/-) fully paid-up	620.08	620.08	620.08
Total	**620.08**	**620.08**	**620.08**

13.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(₹ in Lakhs)

Equity shares	No. of shares	No. of shares	No. of shares
At the beginning of the period	6200800	6200800	6200800
Sub division of shares during the period	24803200	-	-
Outstanding at the end of the period	31004000	6200800	6200800

13.2 Terms / rights attached to equity shares:

The company has only one class of equity shares having a par value of ₹ 2/- 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.

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

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

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹ 2 /- each fully paid						
Gautam Chand Jain	14187045	45.76	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	2274714	7.34	465086	7.50	355315	5.73

Note: The shareholders of the Company have approved sub-division of the face value of the equity shares of ₹ 10/- each into equity shares with face value of ₹ 2/- each. The Company has fixed 23rd October 2017 as the "Record Date" for the purpose of sub-division.

14. Other equity

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Share premium	73.96	73.96	73.96
General reserve	980.36	980.36	980.36
Debenture redemption reserve			
Opening balance	265.50	-	-
Transfer to/ from profit & loss A/c	(132.75)	265.50	-
	132.75	**265.50**	**-**
Net surplus in the statement of Profit and Loss			
Opening balance	13117.76	7104.06	3614.89
Add: Profit for the year	4213.86	7025.51	3489.17
	17331.62	**14129.57**	**7104.06**
Less: Dividend paid	186.02	620.08	-
Tax on dividend	37.87	126.23	-
Transferred from / to debenture redemption reserve	(132.75)	265.50	-
	17240.48	**13117.76**	**7104.06**
Other comprehensive income			
Opening balance	33.13	-	-
Movement in OCI (net) during the year	52.88	33.13	-
	86.01	**33.13**	**-**
Total	**18513.56**	**14470.71**	**8158.38**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Borrowings

A. Non-current

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured loans			
Term loans			
Indian rupee loans from banks	3702.16	5333.39	7559.02
External commercial borrowing from banks	765.96	1527.33	2343.59
Foreign currency loans from banks	1638.58	1683.02	-
Finance lease obligations			
Banks	166.34	86.35	134.52
Others	105.45	249.87	67.01
Unsecured loans			
Debentures			
11% Unsecured debentures to banks	-	530.98	-
(For current maturities refer note 16)			
Loans & advances from related parties			
Loans from directors	4353.36	3979.08	3506.14
Inter Corporate Deposits	5414.87	4837.76	4295.21
Total	**16146.72**	**18227.78**	**17905.49**

B. Current

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured loans			
Loans repayable on demand			
From banks - working capital loan			
Cash Credit Facilities	1155.91	1677.13	1880.12
Packing Credit Loans	2527.40	1881.80	2282.89
Bill Discounting	2170.77	1717.73	2393.81
Total	**5854.08**	**5276.66**	**6556.82**

Nature of security and terms of repayment for secured borrowings:

15.1 External commercial borrowings of ₹ 1532.04 Lakhs, Foreign currency term loans of ₹ 1966.30 Lakhs and working capital facilities of ₹ 2513.15 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).

15.2 Maturity profile of term loans from banks are as set out below:

(₹ in Lakhs)

	2018-19	2019-20	2020-21	2021-22	2022-23 and beyond
External commercial borrowings					
Rate of interest					
Six months libor plus 350 bps	766.09	765.95	-	-	-
Foreign currency term loans					
Rate of interest					
Libor plus 550 to 600 bps	327.71	327.71	327.71	327.71	655.46

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15.3 Term loan of ₹ 5269.36 Lakhs & working capital facilities of ₹ 3340.93 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:

(₹ in Lakhs)

	2018-19	2019-20	2020-21
Rate of interest			
1 yr. MCLR plus 4.25% to 4.95%	1567.20	1640.11	2062.05

15.4 Finance lease obligations:

(₹ in Lakhs)

	Minimum lease payments			Present value of minimum lease payments		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Due within one year	308.51	329.69	271.87	271.42	282.15	237.12
Due one to five years	260.88	365.30	218.45	246.07	336.64	201.53
Total	569.39	694.99	490.32	517.49	618.79	438.65
Less: Future finance charges	51.90	76.20	51.67			
Present value of minimum lease payable	517.49	618.79	438.65			

15.5 Debentures

(₹ in Lakhs)

Particulars	Opening balance	Issued	Redeemed	Closing balance
Debentures	1061.99	-	531.01	530.98

16. Other financial liabilities

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current financial liabilities			
Current maturities of long term borrowings:			
From banks (secured)	2661.00	2755.94	2469.17
Finance lease obligations			
From banks (secured)	112.66	107.33	74.99
From others (secured)	133.04	175.24	162.13
11% Unsecured debentures to banks	530.98	531.01	-
Interest accrued but not due on borrowings	23.68	214.95	104.56
Interest accrued and due on borrowings	0.52	10.95	-
Unpaid dividend	9.80	33.88	28.49
Total	3471.68	3829.30	2839.34

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Provisions

A. Non-current

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
For employee benefits			
Gratuity (refer note. 25(1a))	203.60	235.50	148.04
Compensated absence (refer note. 25(1b))	74.74	86.52	69.19
Others			
Restoration liability	16.26	26.41	24.61
Recompense payable to banks	-	-	1751.95
Total	**294.60**	**348.43**	**1993.79**

B. Current

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
For employee benefits			
Gratuity (refer note. 25(1a))	20.05	19.14	44.24
Compensated absence (refer note. 25(1b))	6.29	6.07	68.24
Others			
Warranties	287.29	126.12	283.78
Total	**313.63**	**151.33**	**396.26**

17.1

(₹ in Lakhs)

Particulars	Opening balance	Provision recognized	Provision utilized	Closing balance
Provision for warranty	126.12	161.17	-	287.29

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.

18. Current tax liabilities (net)

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for income tax	1270.57	2106.25	1620.59
Less: Advance tax	956.04	1061.71	232.12
Total	**314.53**	**1044.54**	**1388.47**

19. Other liabilities

A. Non-current

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Grants relating to property, plant and equipment	35.52	-	-
Total	**35.52**	**-**	**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Government grant:

19.1 Grants relating to property, plant and equipment relate to duty saved on import of capital goods and spares under EOU, SEZ schemes. Under such scheme, the Group is committed to meet some obligations. In case such commitments are not met, the Group would be required to pay the duty saved along with interest to the regulatory authorities. Such grants recognised are released to the statement of profit and loss in proportion to amortisation cost of such assets.

19.2 During the year an amount of **₹5.65** Lakhs (previous year ₹ nil) was released to statement of profit and loss.

B. Current

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance received from customers	611.38	629.76	726.38
Creditors for capital expenditure	62.98	253.58	956.32
Statutory liabilities	145.15	140.48	155.27
Other liabilities	574.82	1228.79	1039.33
Total	**1394.33**	**2252.61**	**2877.30**

20. Trade payables

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Others	2803.38	2738.48	2426.40
Micro, small & medium enterprises	26.56	53.40	-
Total	**2829.94**	**2791.88**	**2426.40**

20.1 Disclosure in accordance with Section 22 of micro, small and medium enterprises development Act, 2006

(₹ in Lakhs)

Sl. No.	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a)	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end	20.90	53.40	-
b)	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	5.66	2.30	-
c)	Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	79.43	65.76	-
d)	Interest paid, under section 16 of MSMED Act, to suppliers registered under the Act, beyond the appointed day during the year	0.01	-	-
e)	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	2.06	1.94	-
f)	Interest accrued and remaining unpaid at the end of accounting year	3.39	2.56	
g)	Further interest remaining due and payable for earlier years	2.27	-	-

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 Group, 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 Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Revenue from operations

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products (including excise duty)	32899.58	36653.86
Sale of services	0.24	336.62
Total	**32899.82**	**36990.48**

21.1 Post the applicability of Goods and Service Tax (GST) with effect from July 01, 2017, revenue from operations is disclosed net of GST. Accordingly, the revenue from operations and other expenses for the year ended on March 31, 2018 are not comparable with the previous year.

22. Other income

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on		
Bank deposits	60.80	73.67
Others	18.76	20.37
Commission income	-	0.20
Scrap sales	44.94	67.67
Insurance claim	3.16	39.45
Sundry credit balances written back	14.46	88.76
Other Income (Govt. Grants)	5.65	-
Profit on sale of assets	5.52	6.18
Foreign exchange gain	397.12	578.34
Provision for doubtful debts written back	2.12	40.45
Hire charges received	-	86.40
Miscellaneous Income	20.32	-
Total	**572.85**	**1001.49**

23. Cost of raw material consumed

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Opening stock	1128.55	1280.38
Add: Purchases	8180.43	8671.41
	9308.98	**9951.79**
Less: Closing stock	1072.28	1128.55
Total	**8236.70**	**8823.24**

24. Changes in stock of finished goods, work-in-progress and stock-in-trade

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Inventories at the beginning of the year		
Finished goods	4917.33	4481.15
Work-in-progress	1418.61	580.53
Stock-in-trade	-	5.39
	6335.94	**5067.07**
Inventories at the end of the year		
Finished goods	6180.88	4917.33
Work-in-progress	874.70	1418.61
	7055.58	**6335.94**
Total	**(719.64)**	**(1268.87)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

25. Employee benefits expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages, bonus & allowances	2918.07	2770.24
Contribution to provident fund and other funds	192.90	173.43
Retirement benefits	114.64	115.24
Staff welfare expense	239.39	245.59
Total	**3465.00**	**3304.50**

25.1 - Employee benefits:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Defined contribution plan		
Employer's contribution to provident fund	167.09	157.94

Defined benefit plan

The employees' gratuity fund scheme managed by a trust (Funded with 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.

a) Retiring gratuity:

(i) The following table sets out the amounts recognised in the financial statements in respect of retiring gratuity plan:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Change in defined benefit obligations:		
Obligation at the beginning of the year	398.39	409.44
Current service costs	61.77	62.89
Interest costs	25.62	29.84
Remeasurement (gain)/losses	(27.80)	(6.49)
Past service cost	8.06	-
Benefit paid	(30.75)	(19.14)
Obligation at the end of the year	**435.29**	**476.54**

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Change in plan assets:		
Fair value of plan assets at the beginning of the year	221.90	217.17
Interest income	13.99	15.73
Remeasurement gain/(losses)	1.30	1.63
Employers' contributions	5.19	1.12
Benefits paid	(30.75)	(13.75)
Fair value of plan assets at the end of the year	**211.63**	**221.90**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amounts recognised in the balance sheet consists of:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Fair value of plan assets at beginning/end of the year	211.63	221.90	217.17
Present value of obligation at the beginning/end of the year	(435.29)	(476.54)	(24.89)
	(223.66)	**(254.64)**	**192.28**

Recognised as:			
Retirement benefit liability - Current	20.05	19.14	44.24
Retirement benefit liability - Non-current	203.61	235.50	148.04

Expenses recognised in the statement of profit and loss consists of:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Employee benefits expenses:		
Current service costs	61.77	52.36
Interest costs	11.63	9.19
Past service cost -(vested benefits)	8.06	-
	81.46	**61.55**
Other comprehensive income:		
(Gain)/loss on plan assets	(1.30)	(1.63)
Actuarial (gain)/loss arising from changes in demographic Assumption	-	3.00
Actuarial (gain)/loss arising from changes in financial assumption	(47.07)	30.31
Actuarial (gain)/loss arising from changes in experience adjustments	19.27	(39.27)
	(29.10)	**(7.59)**
Expenses recognised in the statement of profit and loss	**52.36**	**53.96**

(ii) The key assumptions used in accounting for retiring gratuity is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate (per annum)	7.60%	6.69%	7.46%
Rate of escalation in salary (per annum)	8.00%	8.00%	8.00%

(iii) The estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

(iv) The company expects to contribute ₹ 25.00 Lakhs to its gratuity plan for the next year.

(v) The table below outlines the effect on obligation in the event of a decrease/increase of 1% in the assumptions used.

As at March 31, 2018

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 487.46 Lakhs, increase by ₹ 391.06 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 485.36 Lakhs, decrease by ₹ 392.09 Lakhs

As at March 31, 2017

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 542.28 Lakhs, increase by ₹ 421.64 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 537.55 Lakhs, decrease by ₹ 423.79 Lakhs

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at April 1, 2016

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 458.42 Lakhs, increase by ₹ 368.48 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 455.24 Lakhs, decrease by ₹ 369.99 Lakhs

The above sensitivities may not be representative of the actual change as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

b) Compensated absence:

(i) The following table sets out the amounts recognised in the financial statements in respect of compensated absence:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Change in defined benefit obligations:		
Obligation at the beginning of the year	75.74	77.50
Current service costs	28.37	58.65
Interest costs	4.81	5.54
Remeasurement (gain)/losses	(20.01)	(42.55)
Benefit paid	(7.89)	(6.56)
Obligation at the end of the year	**81.02**	**92.58**

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Change in plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Remeasurement gain/(losses)	-	-
Employers' contributions	7.89	6.56
Benefits paid	(7.89)	(6.56)
Fair value of plan assets at the end of the year	**-**	**-**

Amounts recognised in the balance sheet consists of:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Fair value of plan assets at beginning/end of the year	-	-	-
Short term compensated absence liability			59.94
Present value of obligation at the beginning/end of the year	81.02	92.58	77.50
	81.02	**92.58**	**137.44**
Recognised as:			
Retirement benefit liability - Current	6.29	6.07	68.25
Retirement benefit liability - Non-current	74.73	86.51	69.19

Expenses recognised in the statement of profit and loss consists of:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Employee benefits expenses:		
Current service costs	28.37	48.84
Interest costs	4.81	4.85
	33.18	**53.69**
Other comprehensive income:		
(Gain)/loss on plan assets	-	-
Actuarial (gain)/loss arising from changes in demographic Assumption	-	0.15
Actuarial (gain)/loss arising from changes in financial assumption	(9.51)	6.08
Actuarial (gain)/loss arising from changes in experience adjustments	(10.50)	(46.22)
	(20.01)	**(39.99)**
Expenses recognised in the statement of profit and loss	**13.17**	**13.70**

(ii) The key assumptions used in accounting for compensated absence is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate (per annum)	7.60%	6.69%	7.46%
Rate of escalation in salary (per annum)	8.00%	8.00%	8.00%

(iii) The estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

(iv)The table below outlines the effect on obligation in the event of a decrease/increase of 1% in the assumptions used.

As at March 31, 2018

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 91.58 Lakhs, increase by ₹ 72.23 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 91.26 Lakhs, decrease by ₹ 72.33 Lakhs

As at March 31, 2017

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 105.65 Lakhs, increase by ₹ 79.77 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 105.17 Lakhs, decrease by ₹ 81.96 Lakhs

As at April 1, 2016

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 86.73 Lakhs, increase by ₹ 69.78 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 86.44 Lakhs, decrease by ₹ 69.90 Lakhs

The above sensitivities may not be representative of the actual change as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

26. Depreciation & Amortization expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on tangible assets	1875.13	1724.82
Amortization on intangible assets	118.08	-
Total	**1993.21**	**1724.82**

27. Finance costs

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest on borrowings:		
- Banks	1396.61	1990.59
- Others	1207.75	1126.93
Interest on taxes / duties	75.12	129.15
Interest on debentures	116.82	58.09
Total	**2796.30**	**3304.76**
Interest capitalised	9.43	103.32
Total	**2786.87**	**3201.44**

28. Other expenses

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Consumption of stores & spares	2866.66	3192.47
Other processing & job work exp.	199.96	509.85
Power and fuel	2266.10	2098.42
Repairs and maintenance:		
- Plant and machinery	264.47	177.56
- Building	128.12	81.18
- Others	12.05	23.91
Cutter and driller charges	583.29	463.43
Royalty on quarry land	24.57	21.64
Rent	118.54	120.71
Rates and taxes	44.58	41.35
Deferred lease expense written off	5.39	4.31
Insurance	159.04	171.60
Communication charges	51.73	53.55
Printing & stationery	32.88	37.54
Travelling & conveyance expenses	253.28	187.89
Electricity charges	23.69	21.38
Vehicle maintenance	140.92	124.21
Auditors remuneration	21.11	23.30
Advertisement	6.53	10.17
Professional & consultancy	186.77	302.94
Commission to non-executive directors	18.00	18.00
Directors sitting fees	6.22	14.11
Donations	4.06	4.40
CSR activity expenses	41.95	28.30
Fees & subscriptions	31.56	42.76
Government royalty and dead rent	1248.79	1158.26
Carriage outwards	1614.40	1512.45
Sales commission	40.24	33.82
Discounts and claims	86.22	170.88

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Business promotion expenses	623.99	419.63
Packing material	371.99	419.33
Bad debts written off	18.69	163.05
Sundry debit balances written off	0.04	21.64
Amortization of land lease expenses	36.05	35.96
Provision for doubtful debts	18.09	43.18
Provision for warranties	161.18	193.53
Sales tax	55.82	81.83
Bank charges	106.32	109.47
Impairment / loss on sale of assets	106.16	-
Miscellaneous expenses	42.62	38.62
Total	**12022.07**	**12176.63**

28.1 Auditors remuneration

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Statutory audit	15.00	15.00
Tax audit	1.25	2.50
Certification	4.24	4.69
Out of pocket expenses	0.62	0.31
Service tax	-	0.80

28.2 - Corporate social responsibility (CSR)

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Amount required to be spent by the company during the year	221.49	108.14
(b) Amount spent during the year (in cash)	41.95	28.30
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	41.95	28.30

29. Income taxes

A) Income tax expense/(benefit) recognised in the statement of profit and loss

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax from continuing operations	1270.57	2106.25
Less: MAT credit entitlement	(303.21)	(1298.08)
Deferred tax from continuing operations	(133.30)	1254.07
Deferred tax from discontinued operations	30.05	(83.74)
Tax in respect of earlier years	36.69	(69.62)
Deferred tax on comprehensive income	27.98	17.53
Total	**928.78**	**1926.41**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

B) Reconciliation of income tax expense

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit / (loss) before tax from continuing operations *	5504.66	9705.85
Profit / (loss) before tax from discontinued operations *	(390.00)	(771.47)
Other comprehensive Income	80.86	50.67
Effective tax rate	34.608%	34.608%
Computed effective tax expense	**1798.06**	**3109.54**
Tax effect of:		
Expenses disallowed	881.63	919.42
Allowable items from IT act	1232.36	1430.74
Deduction U/s.10AA	467.07	245.36
Carryover MAT entitlement	12.91	-
Carried forward losses utilised	-	1544.69
Current tax provision (A)	**967.35**	**808.17**
Continued operations		
Incremental deferred tax liability on account of tangible and intangible assets	(362.43)	333.74
Incremental deferred tax asset on account of financial assets and other items	(246.13)	(936.79)
Discontinued operations		
Incremental deferred tax liability on account of tangible and intangible assets	27.27	(71.67)
Incremental deferred tax asset on account of financial assets and other items	(13.76)	11.00
Deferred tax provision (B)	(75.27)	1187.86
Tax expense recognised in the statement of profit and loss (A+B)	**892.08**	**1996.03**
Effective tax rate	17.17%	22.22%

*** Excluding eliminations**

Note: The deferred tax assets and liabilities at the close of the year has been measured at 29.12% (previous year 34.60%) based on tax rates that have been enacted by end of reporting period.

30 Earnings per share (EPS)

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(i) Face value of equity share (in ₹)	2.00	2.00
(ii) Weighted average number of equity shares outstanding	31004000	31004000
(iii) Profit for the year (continuing operations)	4643.83	7720.60
(iv) Weighted average earnings per share (basic and diluted) (in ₹)	14.98	24.90
(v) (Loss) for the year (discontinued operations)	(429.97)	(695.09)
(vi) Weighted average earnings per share (basic and diluted) (in ₹)	(1.39)	(2.24)
(vii) Profit for the year (total operations)	4213.86	7025.51
(viii) Weighted average earnings per share (basic and diluted) (in ₹)	13.59	22.66

31 Related party disclosures :

As per IND AS 24, the disclosures of transactions with the related parties are given below:

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

a) Names of the associates:

Pokarna Fabrics Pvt Limited, Pokarna Fashions Pvt Limited, Pokarna Marketing Pvt Limited, Southend, Southend Extension

b) Enterprises over which key managerial personnel are able to exercise significant influence

Adam 'N' Eve

c) Names of Key management personnel

Gautam Chand Jain, Rahul Jain, Apurva Jain, Vishwanatha Reddy, Vinay Paruchuru

d) Names of relatives

Ashok Chand Jain, Raaj Kumar Jain, Vidya Jain, Rekha Jain, Anju Jain, Ritu Jain, Pratik Jain, Neha Jain, Nidhi Jain, Gautam Chand Jain (HUF), Prakash Chand Jain (HUF), Ashok Chand Jain (HUF), Karvy Data Management Services, Karvy Computershare Pvt Ltd, Bharathi Pulluru

e) Name of non-executive director

Prakash Chand Jain, Mahender Chand Chordia, Meka Yugandhar, T.V.Chowdary, Vinayak Rao Juvvadi, Dhanji Lakhamsi Sawla

A. Compensation of key management personnel of the company

The amount mentioned below represents remuneration paid and debited to the Group. The compensation includes salary, employer's contribution to PF, LTA, bonus, medical benefits, gratuity & leave encashment. All amounts mentioned below are inclusive of service tax and GST. The CMD, MD, Non Executive Directors, CFO and Company Secretary are regarded as Key management personnel in terms of Companies act, 2013.

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Short-term employee benefits	373.48	344.03
Post-employment pension, provident fund and medical benefits	1.05	1.10
Termination benefits*	-	-
Commission and other benefits paid to non-executive independent directors	24.30	30.60
Total compensation paid to Key management personnel	**398.83**	**375.73**

* Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall basis at the end of each year and, accordingly, have not been considered in the above information.

B. Transactions with key management personnel and other related parties 2017-18 (2016-17 & 2015-16)

(₹ in Lakhs)

Nature of the transaction	Key management personnel	Non-executive directors	Associates/ other related parties	Relatives	Total
Purchases					
Goods and services, net	**-**	**-**	**29.42**	**-**	**29.42**
	-	-	(6.86)	(13.54)	(20.40)
Sales					
Goods and services, net	**-**	**-**	**-**	**1.12**	**1.12**
	-	-	(38.60)	-	(38.60)
Job work	**-**	**-**	**0.44**	**-**	**0.44**
	-	-	-	(1.84)	(1.84)
Expenses					
Remuneration	**374.53**	**-**	**-**	**-**	**374.53**
	(345.13)	-	-	-	(345.13)
Sitting fee & commission	**-**	**24.30**	**-**	**-**	**24.30**
	-	(30.60)	-	-	(30.60)
Rent	**5.80**	**14.22**	**32.38**	**95.45**	**147.85**
	(5.69)	(13.94)	(31.73)	(97.06)	(148.42)
Interest	**359.65**	**173.98**	**641.23**	**-**	**1174.86**
	(329.57)	(168.06)	(602.84)	-	(1100.47)
Dividend					
Dividend	**73.13**	**3.00**	**-**	**29.29**	**105.42**
	(60.00)	(50.00)	-	(241.38)	(351.38)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Nature of the transaction	Key management personnel	Non-executive directors	Associates/ other related parties	Relatives	Total
Loans & advances and rent deposit					
Loan received	**100.00**	**-**	**-**	**-**	**100.00**
	(90.00)	(760.00)	-	-	(850.00)
	-	-	-	-	-
Rent deposit given	**-**	**-**	**-**	**-**	**-**
	-	-	-	(63.87)	(63.87)
	-	(8.33)	(1.92)	(50.20)	(60.45)
Outstanding's					
Receivables	**-**	**-**	**0.44**	**-**	**0.44**
	-	-	-	-	-
	-	-	(28.52)	-	(28.52)
Payables	**3086.39**	**1371.76**	**5429.31**	**29.58**	**9917.04**
	(2735.30)	(1363.19)	(4907.90)	(53.10)	(9059.49)
	(2473.31)	(1185.95)	(4337.83)	(47.91)	(8045.00)
Rent deposit - receivable	**-**	**8.33**	**23.20**	**97.81**	**129.34**
	-	(8.33)	(23.20)	(131.35)	(162.88)
	-	(8.33)	(23.20)	(67.49)	(99.02)

B. Disclouser in respect of material related party transactions during the year

(₹ in Lakhs)

Sl. No.	Particulars	Relationship	Year ended March 31, 2018	Year ended March 31, 2017
1	**Purchases**			
	Goods and services, net			
	Pokarna Fabrics Pvt Limited	Associate	20.83	1.54
	Southend Extension	Associate	-	1.89
	Neha Jain	Relative	-	13.54
	Karvy Computershare Pvt Ltd	Related party	4.55	3.43
	Karvy Data Mgt services Ltd	Related party	4.04	-
2	**Sales**			
	Goods and services, net			
	Pokarna Fashions Pvt Limited	Associate	-	0.45
	Pokarna Marketing Pvt Limited	Associate	-	8.24
	Southend Extension	Associate	-	1.89
	Bharathi Pulluru	Relative	1.12	-
	Adam 'N' Eve	Related party	-	28.02
	Job Work			
	Neha Jain	Relative	-	1.84
	Southend Extension	Associate	0.44	-
3	**Expenses**			
	Remuneration			
	Gautam Chand Jain	Key management personnel	181.33	161.94
	Rahul Jain	Key management personnel	120.22	103.49
	Apurva Jain	Key management personnel	12.23	12.23
	Viswanatha Reddy	Key management personnel	55.53	59.88
	Vinay Paruchuru	Key management personnel	5.22	7.59
	Sitting Fee & Commission			
	Prakash Chand Jain	Non-executive director	4.20	5.10
	Mahender Chand Chordia	Non-executive director	5.10	5.70
	Meka Yugandhar	Non-executive director	5.10	5.70
	T.V.Chowdary	Non-executive director	5.10	5.10
	Vinayak Rao Juvvadi	Non-executive director	4.80	5.40
	Dhanji Lakhamsi Sawla	Non-executive director	-	3.60

(₹ in Lakhs)

Sl. No.	Particulars	Relationship	Year ended March 31, 2018	Year ended March 31, 2017
	Rent			
	Pokarna Fabrics Pvt Limited	Associate	32.38	31.73
	Gautam Chand Jain	Key management personnel	5.80	5.69
	Prakash Chand Jain	Non-executive director	14.22	13.94
	Gautam Chand Jain (HUF)	Relative	14.71	16.29
	Prakash Chand Jain (HUF)	Relative	17.28	16.94
	Vidya Jain	Relative	8.42	8.25
	Ritu Jain	Relative	13.83	13.55
	Pratik Jain	Relative	7.18	7.18
	Rekha Jain	Relative	16.46	16.13
	Ashok Chand Jain (HUF)	Relative	11.77	13.03
	Anju Jain	Relative	5.80	5.69
	Interest			
	Pokarna Fabrics Pvt Limited	Associate	512.83	482.13
	Pokarna Marketing Pvt Limited	Associate	128.40	120.71
	Gautam Chand Jain	Key management personnel	229.38	201.56
	Rahul Jain	Key management personnel	130.27	128.01
	Prakash Chand Jain	Non-executive director	173.98	168.06
	Dividend			
	Gautam Chand Jain	Key management personnel	70.13	50.00

(₹ in Lakhs)

Sl. No.	Particulars	Relationship	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
4	**Loans & Advances and Rent Deposit**				
	Loan Received				
	Gautam Chand Jain	Key management personnel	100.00	90.00	-
	Prakash Chand Jain	Non-executive director	-	760.00	-
	Rent Deposit given				
	Pokarna Fabrics Pvt Limited	Associate	-	-	1.92
	Prakash Chand Jain	Non-executive director	-	-	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
5	**Outstanding's**				
	Receivables				
	Adam 'N' Eve	Related Party	-	-	28.52
	Southend Extension	Associate	0.44	-	-
	Payables				
	Pokarna Fabrics Pvt Limited	Associate	4341.94	3935.75	3471.90
	Pokarna Marketing Pvt Limited	Associate	1084.29	968.73	860.09
	Southend Extension	Associate	1.71	1.71	5.71
	Gautam Chand Jain	Key management personnel	1992.87	1706.48	1470.93
	Rahul Jain	Key management personnel	1092.64	1028.07	998.31

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Sl. No.	Particulars	Relationship	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Apurva Jain	Key management personnel	0.88	0.75	4.07
	Prakash Chand Jain	Non-executive director	1357.36	1346.75	1160.95
	Nidhi Jain	Relative	5.86	5.86	5.86
	Neha Jain	Relative	16.61	25.00	14.85
	Gautam Chand Jain (HUF)	Relative	-	-	7.39
	Prakash Chand Jain (HUF)	Relative	-	-	7.69
	Vidya Jain	Relative	3.88	7.53	3.75
	Ritu Jain	Relative	-	8.25	5.14
	Pratik Jain	Relative	3.23	6.46	3.23
	Dhanji Lakhamsi Sawla	Non-executive director	-	3.00	5.00
	Mahender Chand Chordia	Non-executive director	3.60	3.36	5.00
	Meka Yugandhar	Non-executive director	3.60	3.36	5.00
	T.V.Chowdary	Non-executive director	3.60	3.36	5.00
	Vinayak Rao Juvvadi	Non-executive director	3.60	3.36	5.00
	Karvy Computershare Pvt Ltd	Related party	0.27	1.71	0.13
	Karvy Data Management Services Ltd	Related party	1.10	-	-
	Rent deposit payable				
	Pokarna Fabrics Pvt Limited	Associate	23.20	23.20	23.20
	Prakash Chand Jain	Non-executive director	8.33	8.33	8.33
	Gautam Chand Jain (HUF)	Relative	16.44	32.88	16.44
	Prakash Chand Jain (HUF)	Relative	17.09	34.19	17.10
	Rekha Jain	Relative	16.48	16.48	2.44
	Anju Jain	Relative	19.80	19.80	14.85
	Ashok Chand Jain & Sons	Relative	11.34	11.34	-
	Vidya Jain	Relative	8.33	8.33	8.33
	Pratik Jain	Relative	8.33	8.33	8.33

32. Contingent liabilities and commitments

1 Contingent liabilities not provided for

	Particulars	As at March 31, 2018	As at March 31, 2017
a)	Letter of credits outstanding	364.65	418.89
b)	Bank guarantee	11.82	11.61
c)	Claims against the Group / disputed liabilities not acknowledged as debts:		
i)	Income tax matters, pending decisions on various appeals made by the Group and by the department. Amount deposited ₹ nil Lakhs (previous year ₹ nil Lakhs)	204.22	204.22
ii)	Excise matters (including service tax). Amount deposited ₹ 5.57 Lakhs (previous year ₹ 5.57 Lakhs)	354.26	318.73
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)	14.40	37.73
v)	Mines & Geology matters, amount deposited ₹ 8.17 Lakhs (previous year ₹ nil Lakhs)	231.94	231.94
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 on1 January 2016, which was effective retrospectively from 1 April, 2014, the Group on the legal advice decided not to consider in view of the interim order dated 26 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	185.04	143.72

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other commitments:

x) 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 31 March, 2018, 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 subsidiary Company being a SEZ has executed a legal undertaking for obligations regarding proper utilization and accountable 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 31 March, 2018, the Company has a positive Net Foreign Exchange Earning, as defined in the SEZ Act, 2005.

xii) The Group 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

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account not provided for	17379.63	15311.44

33 Discontinued operations

The Board of Directors ("Board") in their meeting held on 8 May, 2017 approved the transfer, sale, lease, exchange, hive-off or otherwise disposing off 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, sale or otherwise disposing off of Apparel Business is subject to finding the buyer / investor and receipt of acceptable offer and which is 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. The Company has initiated necessary steps and expects to complete the process in near future. The financials of Apparel Division is considered as 'Assets held for sale and discontinued operations' as per IND AS 105 and corresponding previous year figures of Statement of Profit and loss account has been restated accordingly.

Details of discontinued operations are as under:

(₹ in Lakhs)

Particulars	Discontinued operations	
	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	846.04	971.49
Expenses (net of other income)	1236.04	1742.96
Profit/(loss) before tax	(390.00)	(771.47)
Tax income / (expense)	30.05	(83.74)
Profit /(loss)after tax from discontinued operations	(420.05)	(687.73)
Other comprehensive income (net of tax of ₹ 10.98 Lakhs, p.y. ₹ 1.07 Lakhs)	20.76	2.02

The major classes of assets and liabilities of the discontinued operations are as under:

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Assets		
Property, plant and equipment	1929.87	1818.33
Capital work-in-progress	154.90	132.29
Non Current Loans	114.44	144.06
Other non-financial assets	-	3.02
Other non-current assets	33.65	44.10
Inventories	430.96	615.09

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Trade receivables	25.54	82.39
Cash and cash equivalents	23.73	18.71
Bank balances other than cash	2.51	5.50
Loans	1.10	11.90
Other financial assets	0.83	0.24
Other current assets	20.25	15.85
Current tax assets	0.21	0.45
Assets held for sale and discontinued operations (A)	**2737.99**	**2891.93**
Liabilities		
Non current Borrowings	42.81	38.01
Provisions	80.47	102.38
Deferred tax liabilities (net)	105.59	64.56
Current Borrowings	24.13	600.41
Trade payables	150.01	172.35
Other current liabilities	248.07	270.30
Short- term provisions	3.27	3.86
Liabilities held for sale and discontinued operations (B)	**654.35**	**1251.87**
Net assets / (liabilities) of discontinued operations (A-B)	**2083.64**	**1640.06**

Net cash flows attributable to the operating, investing and financing activities of discontinued operations:

Cash flows		
Operating	(40.97)	(210.01)
Investing	(148.20)	(139.21)
Financing (net of amount received from Granite division of ₹ 842.86 Lakhs, p.y. ₹ 408.47 Lakhs)	(72.40)	(92.35)

34 Segment Reporting

Disclosure of segment reporting for the year 2017-18 (2016-17, 2015-16):

(a) Information about Primary Business Segments:

(₹ in Lakhs)

Description	Granite	Discontinued operations	Quartz Surfaces	Total
Sales to external customers	**14757.66**	**846.04**	**18142.16**	**33745.86**
	(14853.56)	(971.49)	(22137.02)	(37961.97)
Inter segment sales	**16.77**	**11.64**	**-**	**28.41**
	(2.22)	(11.50)	-	(13.72)
Total revenue	**14774.43**	**857.68**	**18142.16**	**33774.27**
	(14855.78)	(982.99)	(22137.02)	(37975.79)
Segment results				
Profit / (loss)	**2866.96**	**(317.60)**	**5424.58**	**7973.94**
	(3328.99)	(-674.79)	(9578.31)	(12232.51)
Interest expenses				**2859.28**
				(3298.13)
Income tax				**900.79**
				(1908.88)
Profit after tax				**4213.87**
				7025.51
Other segment information:				
Capital expenditure	**1062.15**	**162.09**	**1965.60**	**3189.84**
	(2309.91)	(149.49)	(698.42)	(3157.82)

(₹ in Lakhs)

Description	Granite	Discontinued operations	Quartz Surfaces	Total
Depreciation	**983.24**	**-**	**1009.97**	**1993.21**
	(853.74)	-	(871.08)	(1724.82)
Particulars of segment assets and liabilities:				
Segment assets	**15977.59**	**2737.99**	**32379.83**	**51095.41**
	(16092.69)	(2891.93)	(30798.66)	(49783.28)
	(16308.06)	(3308.64)	(26367.79)	(45984.49)
Segment liabilities	**10852.01**	**654.35**	**20453.37**	**31959.73**
	(11571.94)	(1251.87)	(21866.65)	(34690.46)
	(12601.17)	(1391.35)	(23211.48)	(37204.00)

(b) Information about secondary segments - geographical

Revenue attributable to location of customers is as follows

Geographical Market	Year ended March 31, 2018				Year ended March 31, 2017			
	Granite	Discontinued operations	Quartz Surfaces	Total	Granite	Discontinued operations	Quartz Surfaces	Total
U S A	2183.05	-	15138.37	17321.42	3038.76	-	18094.71	21133.47
Europe	1044.89	-	1578.99	2623.88	1010.33	-	1936.13	2946.46
Asia	5688.60	-	687.23	6375.83	6030.31	-	-	6030.31
India	5533.84	846.04	211.51	6591.39	4310.40	971.49	300.19	5582.08
Australia	20.95	-	-	20.95	-	-	-	-
Rest of the world	287.13	-	526.06	813.19	463.76	-	1805.99	2269.75
Total	**14758.46**	**846.04**	**18142.16**	**33746.66**	**14853.56**	**971.49**	**22137.02**	**37962.07**

The entire activity pertaining to sales outside India is carried out from India.

Notes:

(i) 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 and which is also the basis on which the Chief Operating Decision Maker (CODM) reviews and assess the Group's performances. The operations predominantly relate to Granite, Apparel (Discontinued operations) and Quart Surfaces segments.

(ii) 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.

(iii) The Group's exposure to customers is diversified and there are only two customers who contributes more than 10% of the outstanding receivables for the year ended March 31, 2018 and March 31, 2017 for Granite segment and there are only three customers who contributes more than 10% of the outstanding receivables for the year ended March 31, 2018 and two customers for the year ended March 31, 2017 for Quartz surfaces segment.

35 Capital management

1. The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity.

2. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position

3. The Group's adjusted net debt to equity ratio is as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Gross debt	25438.48	27073.96	27168.60
Less: Cash and bank balances	2288.92	2955.76	1600.59
Adjusted net debt	23149.56	24118.20	25568.01
Total equity	19133.64	15090.79	8778.46
Adjusted net debt to equity ratio	1.21	1.60	2.91

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

36 Financial instruments

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

31 March 2018

(₹ in Lakhs)

Particulars	Carrying Amount			Fair Value		
	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value	390.11	-	390.11	-	390.11	-
Financial assets not measured at fair value						
Other loans	397.53	-	397.53	-	-	-
Accrued interest	24.24	-	24.24	-	-	-
Trade receivables	6906.82	-	6906.82	-	-	-
Cash and cash equivalents	2288.92	-	2288.92	-	-	-
Total	**10007.62**	**-**	**10007.62**	**-**	**390.11**	**-**
Financial liabilities not measured at fair value						
Secured bank loans	14900.78	-	14900.78	-	-	-
Unsecured Bank loans (Debentures)	530.98	-	530.98	-	-	-
Loans from related parties	9768.23	-	9768.23	-	-	-
Loans from others	238.49	-	238.49	-	-	-
Trade payables	2829.94	-	2829.94	-	-	-
Accrued interest	24.20	-	24.20	-	-	-
Unpaid dividend	9.80	-	9.80	-	-	-
Total	**28302.42**	**-**	**28302.42**	**-**	**-**	**-**

31 March 2017

(₹ in Lakhs)

Particulars	Carrying Amount			Fair Value		
	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value	547.71	-	547.71	-	547.71	-
Financial assets not measured at fair value						
Other loans	631.67	-	631.67	-	-	-
Accrued interest	32.34	-	32.34	-	-	-
Trade receivables	6652.07	-	6652.07	-	-	-
Cash and cash equivalents	2955.76	-	2955.76	-	-	-
Total	**10819.55**	**-**	**10819.55**	**-**	**547.71**	**-**
Financial liabilities not measured at fair value						
Secured bank loans	16770.02	-	16770.02	-	-	-
Unsecured Bank loans (Debentures)	1061.99	-	1061.99	-	-	-
Loans from related parties	8816.84	-	8816.84	-	-	-
Loans from others	425.11	-	425.11	-	-	-
Trade payables	2791.88	-	2791.88	-	-	-
Accrued interest	225.90	-	225.90	-	-	-
Unpaid dividend	33.88	-	33.88	-	-	-
Total	**30125.62**	**-**	**30125.62**	**-**	**-**	**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 April 2016

(₹ in Lakhs)

Particulars	Carrying Amount			Fair Value		
	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value	444.97	-	444.97	-	444.97	-
Financial assets not measured at fair value						
Other loans	549.35	-	549.35	-	-	-
Accrued interest	41.99	-	41.99	-	-	-
Trade receivables	7849.76	-	7849.76	-	-	-
Cash and cash equivalents	1600.59	-	1600.59	-	-	-
Total	**10486.66**	**-**	**10486.66**	**-**	**444.97**	**-**
Financial liabilities not measured at fair value						
Secured bank loans	19138.11	-	19138.11	-	-	-
Loans from related parties	7801.35	-	7801.35	-	-	-
Loans from others	229.14	-	229.14	-	-	-
Trade payables	2426.40	-	2426.40	-	-	-
Accrued interest	104.56	-	104.56	-	-	-
Unpaid dividend	28.49	-	28.49	-	-	-
Total	**29728.05**	**-**	**29728.05**	**-**	**-**	**-**

37 Financial risk management objectives and policies

1. Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

2. Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

• Credit risk

i) **Credit risk** is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

ii) **Trade and other receivables:** The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table provides information about the exposure to credit risk and measurement of loss allowance using Life time expected credit loss for trade receivables:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Not due	4502.78	4414.70	4791.60
Upto 1 year	2167.53	2082.27	2767.96
1 to 2 years	211.08	148.10	113.89
2 to 3 years	53.93	72.26	116.30
More than 3 years	154.62	101.89	224.43
Total	**7089.94**	**6819.22**	**8014.18**

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

Movements in allowance for credit losses of receivables is as below:

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	167.15	164.42
Charge in statement of profit and loss	18.09	43.18
Release to statement of profit and loss	(2.12)	(40.45)
Utilised during the year	-	-
Balance at the end of the year	**183.12**	**167.15**

3. Cash and cash equivalents: The Group held cash and cash equivalents of ₹ 1316.41 Lakhs as at 31 March 2018 (31 March 2017: ₹ 2096.61 Lakhs and 1 April 2016: ₹ 728.85 Lakhs). The cash and cash equivalents are held with public sector banks and leading private sector bank. There is no impairment on cash and cash equivalents as on the reporting date and the comparative period.

• Liquidity risk

i) **Liquidity risk** is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

ii) The Group aims to maintain the level of its cash and cash equivalents and investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The Group also monitors the level of level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities. This excludes potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

iii) Exposure to Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

31 March 2018

(₹ in Lakhs)

Particulars	Carrying amount	1 year or less	1-3 years	More than 3years
Borrowings- secured	15139.26	8786.49	5369.00	983.77
Borrowings- un-secured	10299.21	530.98	-	9768.23
Trade payables	2829.94	2829.94	-	-
Other financial liabilities	34.00	34.00	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 March 2017

(₹ in Lakhs)

Particulars	Carrying amount	1 year or less	1-3 years	More than 3years
Borrowings- secured	17195.13	8315.17	5715.65	3164.31
Borrowings- un-secured	9878.83	531.01	530.98	8816.84
Trade payables	2791.88	2791.88	-	-
Other financial liabilities	259.79	259.79	-	-

1 April 2016

(₹ in Lakhs)

Particulars	Carrying amount	1 year or less	1-3 years	More than 3years
Borrowings- secured	19367.26	9291.53	5710.20	4365.53
Borrowings- un-secured	7801.35	-	-	7801.35
Trade payables	2426.40	2426.40	-	-
Other financial liabilities	133.05	133.05	-	-

• Market risk

i) Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates prices, will affect the Group's income or the value of its financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables, long term debt and commodity prices. The Group is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
Currency	**USD**	**EURO**	**USD**	**EURO**	**USD**	**EURO**
Borrowings	4351.83	-	4254.72	-	3124.85	-
Trade receivables (including bill discounting)	5387.61	337.21	5263.88	791.91	6360.80	203.98
Trade and other payables (including payable for capital goods)	279.31	525.13	488.31	466.87	170.58	1294.67
Interest accrued but not due	23.68	-	30.78	-	37.47	-
Cash & Bank balances (Including deposits)	631.27	230.63	657.04	85.50	328.83	41.30
Total	**10673.70**	**1092.97**	**10694.73**	**1344.28**	**10022.53**	**1539.95**

ii) Currency risk: The Group is exposed to foreign exchange risk arising from foreign currency transaction. The Group also imports and the risk is managed by regular follow up . The Group has a policy which is implemented when the foreign currency risk become significant.

A 10% appreciation/depreciation of the foreign currencies with respect to functional currency of the Group would result in an increase/decrease in the Group's net profit before tax by approximately **₹725.90** Lakhs for the year ended March 31, 2018 (March 31, 2017: ₹ 540.81 Lakhs).

iii) Interest rate risk: Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through the Statement of profit and loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased profit or loss by **₹127.78** Lakhs (31 March 2017: ₹ 159.05 Lakhs). This analysis assumes that all other variables remain constant.

• Operational risk

i) **Operational risk:** Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ii) The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

iii) The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective.

iv) Compliance with Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and Board of the Company..

38 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	Pokarna Engineered Stone Limited (wholly owned subsidiary)	Security by way of pledge of 51% equity shares of Pokarna Engineered Stone Limited to its lenders for availing credit facilities. Credit facilities outstanding ₹ **8610.81 Lakhs** (31 March, 2017 ₹ 10153.58 Lakhs, 31 March, 2016 ₹ 11663.84 Lakhs)

39 Previous year figures are regrouped, rearranged and reclassified wherever considered necessary in order to confirm to the current years presentation.

40 First time IND AS adoption Reconciliation

As stated in Note 2A, these are the Group's first standalone financial statements prepared in accordance with Ind AS. For the year ended 31 March 2017, the Group had prepared its consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 2 have been applied in preparing these consolidated financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing the Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Group has adjusted amounts reported previously in consolidated financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position and financial performance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

Property plant and equipment, capital work-in-progress and intangible assets

As per Ind AS 101 an entity may elect to:

i) Measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.

ii) Use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to

- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

iii) Use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Group has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of capital work-in-progress and intangible assets also. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities

B. Mandatory exceptions

1. Estimates

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Group's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the previous GAAP are listed below:

a) Determination of the discounted value for financial instruments carried at amortised cost.

b) Impairment of financial assets based on the expected credit loss model.

2. Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the derecognition principles of Ind AS 109 prospectively as reliable information was not available at the time of initially accounting for these transactions.

3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

40.1 Reconciliation of equity

(₹ in Lakhs)

Particulars	Note	As at March 31, 2017	As at April 1, 2016
Total equity under previous GAAP		16424.78	9678.84
1 Reversal of proposed dividend and tax thereon	xii	223.89	746.31
2 Deferred tax- asset on indexation of free-hold land	xiv	131.53	121.75
3 Increase in deferred tax- liability on property, plant and equipment due to balance sheet approach	xiv	(1773.27)	(1758.64)
4 Provision for restoration liability	x	(26.41)	(24.61)
5 Stripping activity cost capitalised	vii	97.87	-
6 Deferred tax on provision for restoration liability	xiv	9.14	8.51
7 Fair valuation of financial assets	xi	(0.98)	-
8 Amortization of processing fees (net of tax)	V	4.24	6.30
Total IND AS adjustment		**(1333.99)**	**(900.38)**
Total equity under Ind AS		**15090.79**	**8778.46**

40.2 Reconciliation of income statement

(₹ in Lakhs)

Particulars	Note	Year ended March 31, 2017
Profit after tax under previous GAAP		6969.83
1 Net impact of fair valuation of financial assets	xi	(0.98)
2 Amortisation of processing fees	v	(3.15)
3 Remeasurements of defined benefit plans	iv	(50.67)
4 Stripping activity cost capitalised	vii	97.87
5 Unwinding of discount on provision for restoration liability	x	(1.80)
6 Deferred tax	xiv	14.41
Net Profit as per Ind-AS		**7025.51**
7 Other comprehensive income (net of tax)	viii	33.13
Total comprehensive income as per Ind-AS		**7058.64**

40.3 Notes for Balance sheet and profit and loss

i) Restatement of prior period items

Under Ind AS, the Group is required to retrospectively present the material prior period errors identified by :

a) restating the comparative amounts for the prior period(s) presented in which the error occurred;

b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Under the previous GAAP, prior period items were recognised in the statement of profit and loss in the year in which identified.

ii) Re-classification of financial assets and liabilities

Under Ind AS, all financial assets and liabilities are to be disclosed separately on the face of the balance sheet. Under previous GAAP, there was no such requirement. Thus, all the assets and liabilities meeting the recognition criteria of financial asset or liability as per Ind AS 32 and Ind AS 109 have been re-classified and shown separately on the face of the balance sheet.

iii) Leasehold land considered as part of tangible assets has been reclassified as operating lease as per the requirements of Ind AS 17.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

iv) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Group recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2016 or as on 31 March 2017. As per para 122 of Ind AS19, Group has transferred all re-measurement cost recognised in the past within accumulated profits.

v) Borrowings at amortised cost

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method.

vi) Excise duty

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and expenses for the year ended 31 March 2017. The total comprehensive income for the year ended and equity as at 31 March 2017 has remained unchanged.

vii) Stripping cost

Recognition of Stripping Cost in the production phase of surface mine:

The impact on account of change in accounting policy from charging the stripping cost to statement of profit and loss to capitalising as Intangible Asset as 'Stripping Activity Asset' is recognized in the Reserves and consequential impact of depletion and write offs/ amortisation is recognized in the Statement of Profit and Loss.

viii) Other comprehensive income (OCI)

Under previous GAAP, the Group had not presented other comprehensive income separately. Hence, it has reconciled Indian GAAP profit or loss to or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

ix) Trade receivables

Under Ind AS, impairment allowance has been determined based on expected credit loss model (ECL).

x) Restoration liability

The Group has estimated the asset restoration liability as per Ind AS of past years at the transition date, recognized in reserves and such obligation is recognized and measured at present value by attributing time value of money. The impact for the periods subsequent to the date of transition is reflected in the Statement of Profit and Loss.

xi) Fair value of financial assets

The Company has valued financial assets (other than investment in subsidiaries, which are accounted at cost), at fair value. Impact of fair value changes as on the date of transition, is recognized in reserves and changes thereafter are recognized in Statement of Profit and Loss or Other Comprehensive Income, as the case may be.

xii) Proposed dividend

Under Indian GAAP, proposed dividends including dividend distribution tax thereon were recognized as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognized as liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the company, the declaration of dividend occurs after period end. Therefore, the liability recognized towards dividend as at march 31, 2017 and April 01, 2016 has been derecognized against retained earnings and recognized in the year of payment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

xiii) MAT credit entitlement

MAT credit entitlement is to be presented under loans and advance in accordance with guidance note on 'Accounting for credit available in respect of MAT under the income tax act, 1961' issued by ICAI. However, as per Ind AS, MAT credit entitlement is generally recognized as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit an loss. Accordingly, the company has reclassified the MAT credit entitlement from loans and advances to deferred tax assets.

xiv) Deferred tax

The above Ind AS adjustments has resulted in changes in the deferred tax liability.

In terms of our report attached

For K.C.Bhattacharjee & Paul
Chartered Accountants
(F.No.303026E)

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 28 May, 2018

For and on behalf of Board of Directors

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

Meka Yugandhar
Director
(D.No: 00012265)

Rahul Jain
Managing Director
(D.No: 00576447)

Apurva Jain
Executive Director
(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

ATTENDANCE SLIP

Pokarna Limited

CIN : **L14102TG1991PLC013299**

Registered office: 105, 1 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 **27th ANNUAL GENERAL MEETING** of the Company held on Friday, 14 September, 2018, 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, 1 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 27th Annual General Meeting of the Company, to be held on Friday, 14 September, 2018, 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:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Item. No.	Resolutions	For	Against
	Ordinary Business		
1.	To receive, consider and adopt:		
	a) the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2018 and the Reports of the Board of Directors and the Auditors thereon; and		
	b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2018 and the Report of the Auditors thereon.		
2.	To declare final dividend of Rs.0.60 per equity share for the Financial Year ended March 31, 2018		
3.	To appoint a Director in place of Mr. Rahul Jain (DIN: 00576447), who retires by rotation and, being eligible, seeks re-appointment.		
4.	To Re-appoint Messrs. K. C. Bhattacharjee & Paul (FRN: 303026E) as Statutory Auditors of the company.		
	Special Business		
5.	To ratify the remuneration of the Cost Auditors for the financial year 2018-19.		
6.	To Re-appoint Mr. Gautam Chand Jain as Chairman and Managing Director.		

Signed this .... day of .... 2018.

Affix Revenue Stamp

Affix
Revenue
Stamp

____
Signature of the shareholder

____
Signature of first Proxy holder

____
Signature of second Proxy holder

____
Signature of third Proxy holder

NOTES:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the Commencement of the meeting.
2. A Proxy need not be a member of the Company.
3. A Person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. ** This is only optional, please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
6. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

NOTES

NOTES

breton INSIDE

Quantra

Natural quartz surfaces from Pokarna

STANZA®

Sameness Deleted

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
Web: www.pokarna.com
CIN: L14102TG1991PLC013299