ANNUAL REPORT
2018-19

POKARNA LIMITED

Reinvesting for a better Tomorrow

Inside this Report

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Forward-looking Statement

This report contains forward-looking statements. Such forward-looking statements include, without limitation, statements regarding cost savings, productivity, operating performance, cost structure and competitive position. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to price volatility, currency fluctuations, increased production costs and variances in grade or recovery rates from those assumed in mining plans, political and operational risks in the countries in which we operate, and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly revisions to any forward-looking statement, to reflect events or circumstances after the date of this annual report release, or to reflect the occurrence of unanticipated events, except as may be required under applicable laws.

A rock solid foundation need not be synonymous with an inflexible one. For years we have crafted strategies that fortified our position in the industry and brought us results.

However, being a future-focused company, we are also aware that progress often lies in the willingness to tweak and reform one's approach to leverage the present market scenario and thereby ensure faster growth.

Hence, keeping our values, visions and quality promises intact, we have reshaped our strategies, reworked on our focus areas, revived our efforts in certain aspects and thereby, we have accelerated our growth, consistently and remarkably!

Message From the desk of Chairman

> Over the last few years we have laid firm foundations for future growth of the Company through PESL. The benefits of this strategy are evident in the results set out in this report.

Dear Shareholders

On behalf of the Board, I am pleased to present the Company's 2018- 2019 Annual Report.

What have we done well for our shareholders? What do we need to do better? What do we want the future to hold? Like most committed business leaders, these are the questions that I contemplate every day. In my letter to you this year, I wish to share my reflections on these questions.

We achieved a number of notable accomplishments in FY 2019 at consolidated level. The consolidated income of the Company for the financial year ended 31st March, 2019 is ₹471.30 crores vis-à-vis ₹343.37 crores in the previous year, thereby registering a growth of 37.26%. Consolidated net profit for the financial year ended 31st March, 2019 is ₹81.26 crores as compared to ₹42.77 crores in the previous year, registering a growth of 90%.The Board has recommended a dividend of 30% as we believe that it is prudent to align the dividend level with earnings and the current market outlook. However, the Board expresses confidence in the ongoing actions to improve Company's financial performance, and has the ambition to increase the dividend over time as our performance improves.

Despite these accomplishments, I believe we still have opportunities to improve our businesses.

Granite industry has become highly competitive with limited entry barriers. We compete both in domestic and international markets on the basis of price, color, quality, geographic proximity, service, design availability, production capability, and delivery options. Mother nature has lot to do with quarrying operations. Unlike many other minerals, we cannot see inside the granite to know what quality it is. We have to quarry it to see what quality it is. If it is not saleable it is waste rock, if it is not first grade, we have to sell it a lower price that first grade block to a different customer base. Recovery rate from quarry are very dramatic and vary from quarry to quarry. During the year under review we had declining rate of recovery in some of our quarries and this resulted in our inability to meet demand while we incurred higher cost per cubic meter. While we still cannot see into the granite, we think steps we are taking would help us reduce our quarrying costs. To revive profitability of this business, our strategy is to enhance productivity in every quarry we operate while we actively pursue exploration of new quarries for the colors and grades sought by the markets. We are seeking ways to reduce our costs of quarrying in each of our quarries and enhance our productivity through investments in equipment and technology and maintaining a flexible workforce.

The Board of the Company has decided not to pursue restructuring solution for Apparel business as despite continuous efforts, no attractive restructuring solution could be identified. Accordingly, Apparel business has been reclassified from discontinued operations to continuing operations in the financial statements. Apparel business performance is sensitive to changes in economic and retail conditions and the cyclical patterns of consumer spending. To make Apparel business viable and profitable, we would continue to retain cost discipline and continue reduction of expenditures. While we aim to grow in Apparel business, at the same time we don't want to relinquish our cost discipline. In the current environment, the Company has to work extremely hard to turnaround Apparel business.

To be successful and relevant to our stakeholders, we need to be profitable. We seek to enhance the overall profitability of all the Company's businesses.

We anticipate that the majority of our growth in the coming years will be from our wholly owned subsidiary - Pokarna Engineered Stone Limited ("PESL"). Therefore, I would now like to briefly touch upon PESL. Over the last few years we have laid firm foundations for future growth of the Company through PESL. The benefits of this strategy are evident in the results set out in this report. Our strategy for PESL is primarily anchored to an evolved set of five pillars, now reflecting that people, safety and sustainability, technology and innovation, operating performance, and profitable growth, are fundamental to the next stage of our growth.

Our short-term focus is to commercialise world-class green field facility of PESL in order to deliver value to our shareholders. The year 2020 for Pokarna will mark a new era of change and innovation, during which PESL will build momentum and accelerate innovation, thereby strengthening our foundation for stronger and more sustainable growth.

With 10 years in the quartz surfaces business, PESL has gained tremendous industry knowledge and capability for innovation. We are boosting our commitment to innovation by focusing on our people and resources in two areas of PESL: design and operations. Excellence in designing is a key competitive advantage at PESL. We're constantly innovating to maximize our design aesthetics and determining the best ways to bring them into production quickly and efficiently.

PESL is at exciting and important juncture in its history. It has demonstrated its ability to deliver value to our shareholders through competitive returns and strong balance sheet. On their own each of this value driver is significant. Combined they form a powerful and compelling value preposition for all the stakeholders.

I want to extend my heartfelt thanks to our employees and the Board, whose commitment and dedication have contributed immeasurably to what Pokarna is today.

As we have laid the foundation for the future growth of the Company by drawing upon every inch of agility, courage and execution, we will further distinguish Pokarna as a strong and important player in the global stone industry. Along the way we are certain to face challenges, but our team is experienced, patient and resourceful at navigating challenges- and doing so with integrity, trust and respect.

In closing, Pokarna is uniquely positioned for the future. We look ahead with confidence and remained focused on creating long term value for our all stakeholders. You have my commitment and my word, that I will do what is necessary to ensure Pokarna thrives and endures, well into the future. It is with a heartfelt thank you that I turn my energy and focus to the year 2020 and to realizing the tremendous future Pokarna has in store for years to come.

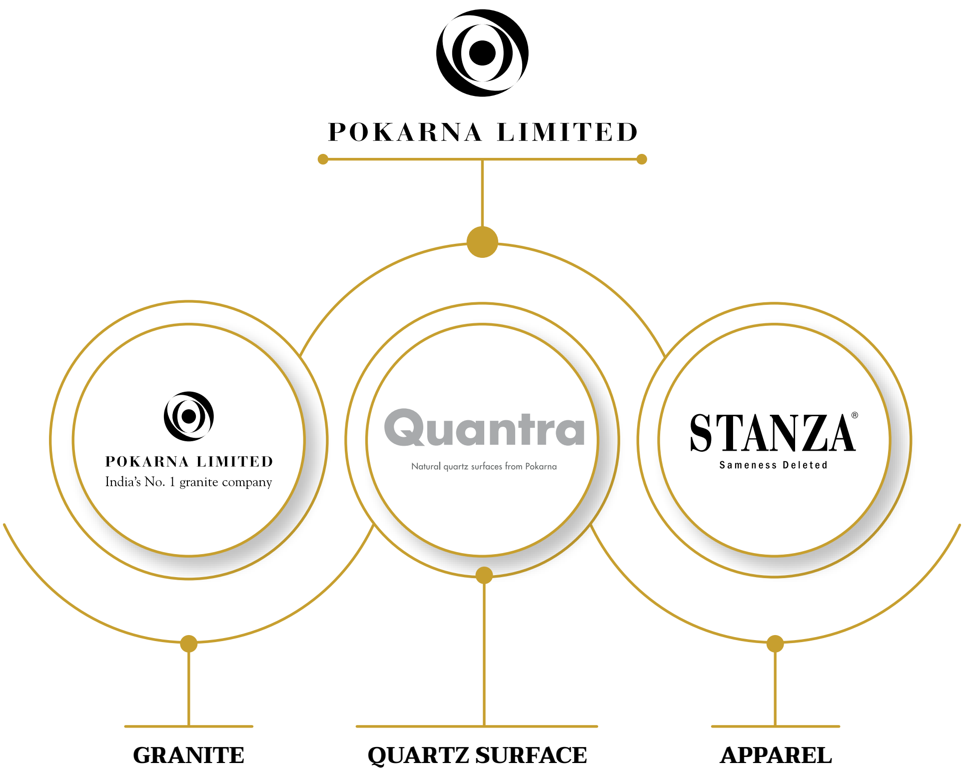
Sincerely

Gautam Chand Jain
Chairman & Managing Director

We are **Pokarna**

We are India's leading exporters of Granite and largest exporter of Quartz surfaces. With manufacturing facilities in Telangana and Andhra Pradesh, we export to over 20 countries. We market Quartz surfaces under the brand Quantra.

Our Quartz surfaces operations are under our wholly owned subsidiary Pokarna Engineered Stone Limited. Our products are well accepted across developed and developing nations. We also possess the best of the manufacturing technologies where we use patented Bretonstone® technology for Quartz surfaces. Our brand Quantra today stands as a synonym for best quality product and design. We also have a very robust distribution network across various countries where we are known for our perfection. We offer a vast range of granite, quarried from 17 mines (color-wise) and finished at our two factories in Telangana. Our brand Quantra offers some of the most exhaustive range of designs. We also manufacture apparel and market under our brand STANZA.



Our Five Pillars

Value Our People

Our people are capable, engaged and empowered to deliver superior returns. We are focused on developing our people at all levels.

Health, Safety and Sustainability

Ensuring the health and safety of our people is always our important focus. Respect for the environment is a core part of the way we operate and we are committed to applying sustainable practices across all aspects of our business.

Embrace Technology and Innovation

We see innovation as critical to advancing PESL's business and we actively seek opportunities to improve. We believe PESL's quartz surfaces technology from Breton and its own proprietary processes and techniques will enable it to achieve aesthetic and technical breakthroughs for continued future success.

Operating Performance

Operating performance will always be central to what Pokarna is and how we deliver value to our shareholders.

Focus on Profitable Growth

Our Focus is to improve profitability and create a strong base for future value growth. We will diligently continue to work on efficiency and effectiveness across all operations.

Brown leaf slab - Quantra Quartz Surface

Accelerating growth

Financial Highlights

Revenue from operations

₹ 462 crore

EBIT

₹ 127 crore

Net Profit

₹ 81 crore

EPS

₹ 26.02

Debt-equity ratio

0.67 times

Note: All the above numbers are on Consolidated basis

Sustaining Growth

CAGR over 5 years

Revenue from operations

8.49%

EBIDTA

13.80%

Cash Profit

22.92%

Profit after tax

36.20%

Gross Block

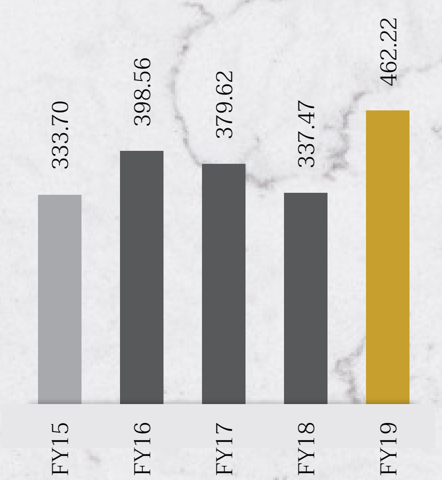
5.02%

Note: All the above numbers are on Consolidated basis

Antonio - Quantra Quartz Surface

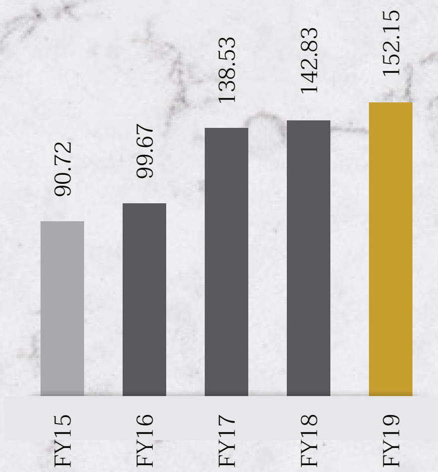
Delivering results

Revenue from operations
(₹ in crore)



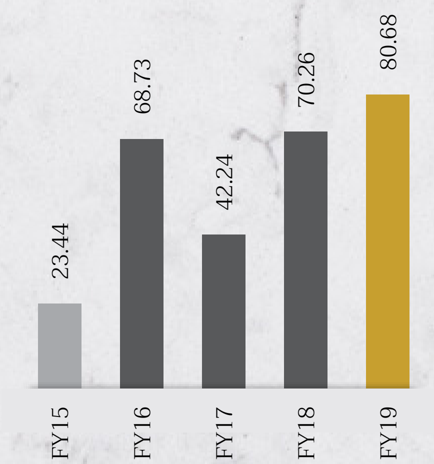
37%
YoY Growth

EBITDA
(₹ in crore)



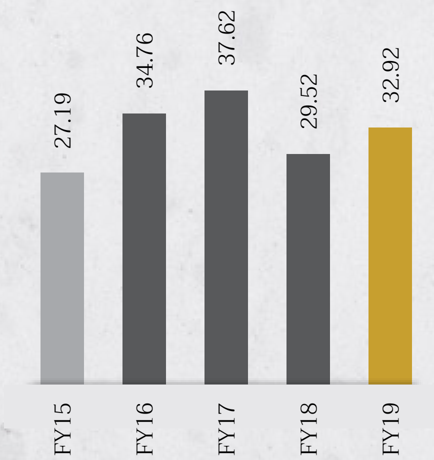
52.65%
YoY Growth

PAT
(₹ in crore)



91%
YoY Growth

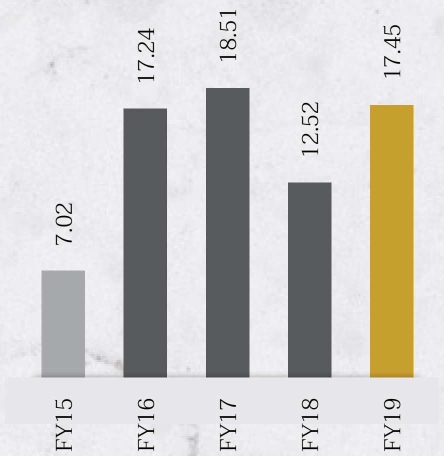
EBITDA Margin
(in %)



340bps
YoY Growth

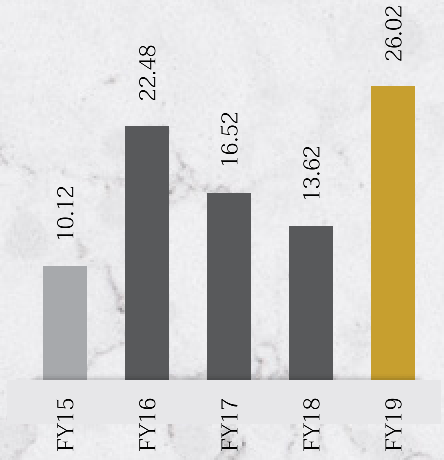
Note: All the above numbers are on Consolidated basis

PAT Margin
(in %)



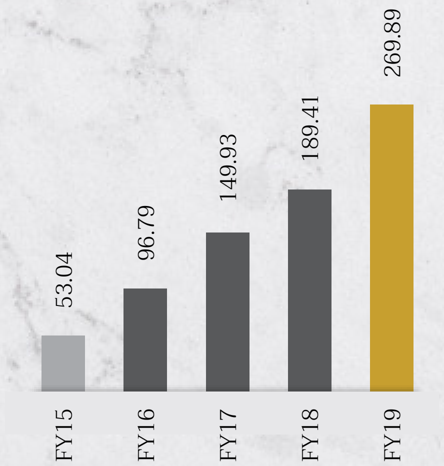
493bps
YoY Growth

EPS
(in ₹)



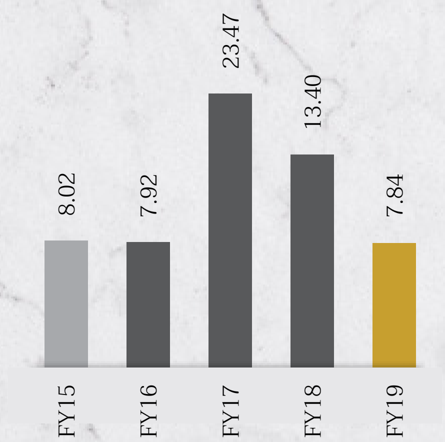
91%
YoY Growth

Net Worth
(₹ in crore)



42%
YoY Growth

Cash and Cash equivalent
(₹ in crore)



Note: All the above numbers are on Consolidated basis

Marketing Initiatives

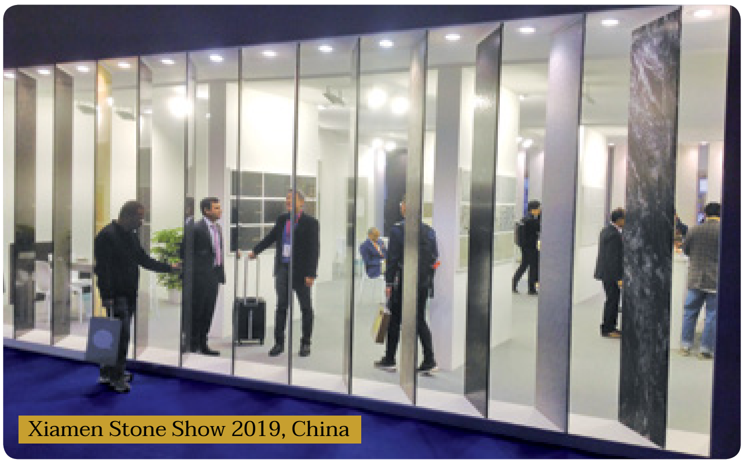
At Pokarna, we believe that showcasing our products and capabilities is one of the key to acquire more customers and expand our reach. As a result, we participated in various exhibitions held in USA and China to display our diversified range of products to customers across the globe.

Coverings 2019, USA

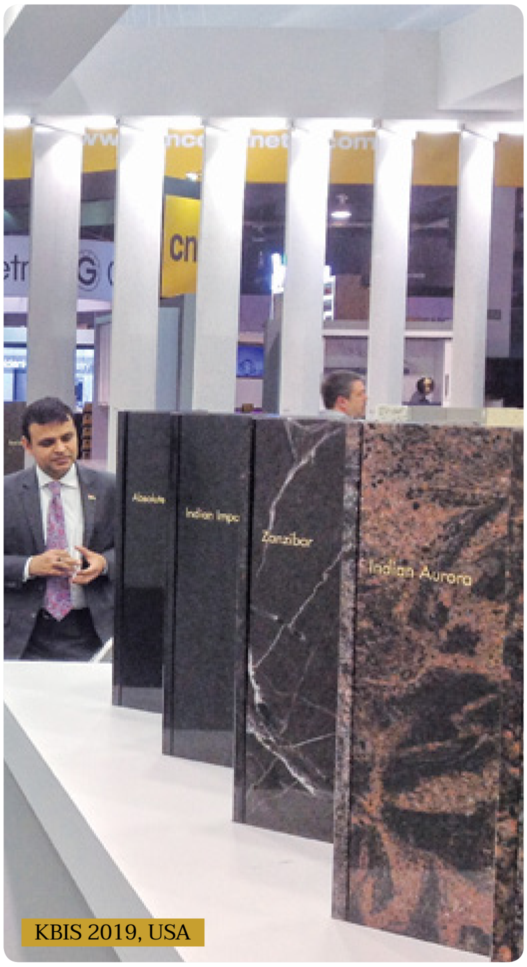

KBIS 2019, USA


KBIS 2019, USA

Marmomacc 2018, Itlay



Xiamen Stone Show 2019, China



KBIS 2019, USA

Marmomacc 2018, Itlay

Quartz Surfaces Applications

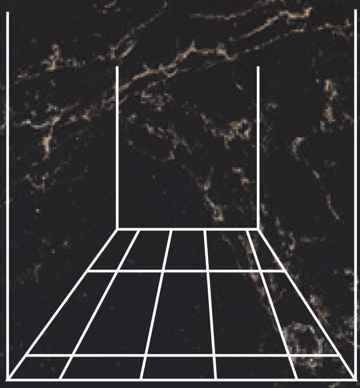
Artisan Wool - Quantra Quartz Surface

Bathroom

Kitchen Countertops

Furniture

Cladding



Flooring

Sansovino - Quantra Quartz Surface

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

For Further Details
scan the QR Code

Corporate Information

Board of Directors

Mr. Gautam Chand Jain
Chairman & Managing Director

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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 Fintech 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

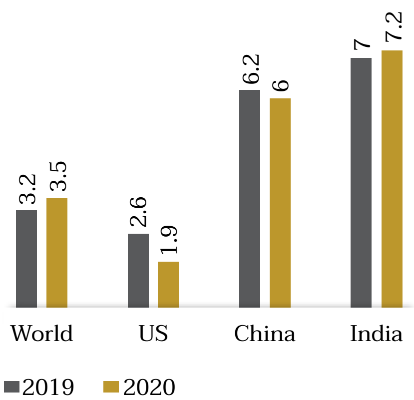
Global and Indian Economy Overview

The year 2018 started on a strong growth trajectory on account of robust growth in most of the major economies. However, the year witnessed many challenges leading to weakening global expansion, especially in the second half of the year. The Global economic growth rate, which touched 4% in 2017, softened to 3.6% in 2018 and is expected to further decline to 3.2% in 2019 before strengthening to 3.5% in 2020. The softening of growth rate was on account of weaker growth in developed economies, increasing trade tension and tariff hike between US and China, reducing business confidence, tightening of financial conditions and higher policy uncertainties across many economies.

Growth in the United States is expected to decline to 2.6% in 2019 and soften further to 1.9% in 2020 with the unwinding of fiscal stimulus. The downward revision to 2019 growth reflects the impact of the US government shutdown and somewhat lower fiscal spending than previously anticipated, while the modest upward revision for 2020 reflects a more accommodative stance of monetary policy than in the October forecast.

Despite of global headwinds, Indian economy continued to be the fastest growing major economy in the world registering GDP growth rate of 6.8% in FY 2019. The growth was achieved on account of robust consumption, recovery in investment and improvement in monetary policy. The country is expected to continue its growth trajectory with GDP growth rate at 7% in 2019 and 7.2% in 2020. *(Source: IMF, World Economic Update)*

Global growth projection (in %)



Source: IMF

US$ 5 trillion

Expected size of Indian economy by FY 2024-25

Stone Industry Overview

Granite

Current size of the Indian Granite and Marble industry is estimated to be around US$ 3 billion. The industry is highly fragmented with presence of large number of organized and unorganized player. The industry is concentrated in Andhra Pradesh, Karnataka and Rajasthan as majority of the processing units are clustered around the mining area. The entry barriers to the industry are very limited. The key downstream industries include real estate and construction sector across the globe. The real-estate industry is cyclical in nature and is exposed to various external factors such as the disposable income, interest rate scenario, etc.

China is the largest buyer of granite blocks accounting for over 80% of share in exports of granite blocks from India. Chinese enterprises process Indian material for domestic consumption and also export significant quantity of processed granite to the US.

During the year under review, export of granite blocks from India reduced by 4.5% from US$ 451 Million to US$ 430 Million. Export of Granite blocks to China decreased 5.3% from US$ 373 Million to US$ 353 Million. While, the Export of granite slabs from India increased marginally by 1.6 % from US$ 791 Million to US$ 804 Million. India's export of processed granite to the US increased 6.3% in volume terms while in value terms it decreased by 5.6% from US$ 154.47 Million to US$ to 145.86. Million. (Source: http://magazine.stonemag.com/2018-us-hard-surface-imports report/importreport2018-granite/)

The U.S. Trade Representative (USTR) in March 2019 announced that the United States (US) intended to terminate India's status from Generalized System of Preferences (GSP) program. The Company's granite slabs and cut to size products are currently amongst the products that are eligible for duty-free treatment under the US GSP program. Termination of India's status as a beneficiary developing country under the GSP program would mean that Company's Granite slabs and cut to size products when imported into the US may be subject to certain safeguard measures or levies.

Quartz

Quartz is one of the hardest natural materials on earth and appears similar to that of granite. The key distinguishing factors of Quartz is that they are naturally scratch and stain resistant and non-porous. India's export of quartz surfaces products to the US increased from US$ 38.69 million to US$ 69.54 Million. The main application of crystalline mineral is for kitchen and bathroom counters, though it is more commonly used in jewellery and electronics. (Source: http://magazine.stonemag.com/2018-us-hard-surface-imports-report/importreport2018-quartz-surfaces/)

Global Quartz Surfaces Sales by Regions (2013 – 2018)

(Million SFT)

	2013	2014	2015	2016	2017	2018E
North America	97.5	111.3	126.1	142.4	157.7	176.5
Europe	53.4	60.5	67.9	75.0	82.3	90.1
Asia Pacific	122.2	136.6	152.1	169.5	188.6	213.2
South America	23.0	25.5	28.4	31.9	35.2	39.2
Middle East & Africa	35.0	39.8	45.0	50.7	58.3	63.4
Total	**331.1**	**373.7**	**419.6**	**469.5**	**522.2**	**582.4**

Source: Global Info Research, 2018

In April 2018, a U.S. producer petitioned the U.S. Department of Commerce and the U.S. International Trade Commission to investigate alleged dumping by and subsidies to Chinese producers and to levy countervailing and anti-dumping duties against quartz surfaces imports from China. In June 2018, the ITC made a preliminary finding that imports from China were injuring the U.S. industry and preliminary countervailing and anti-dumping duties were levied. Final decisions in these investigations are expected in June 2019.

In May 2019, a U.S. producer petitioned the U.S. Department of Commerce and the U.S. International Trade Commission to investigate alleged dumping by and subsidies to Indian producers and to levy countervailing and anti-dumping duties against quartz surfaces imports from India. The U.S. Department of Commerce has initiated its investigation and is expected to make a preliminary determination regarding countervailing duties in October 2019, and in December 2019 for anti-dumping duties. PESL categorically denies allegations of subsidies and dumping and will vigorously defend itself against the unfounded allegations. Final decisions in these investigations are expected in April 2020.

Apparel

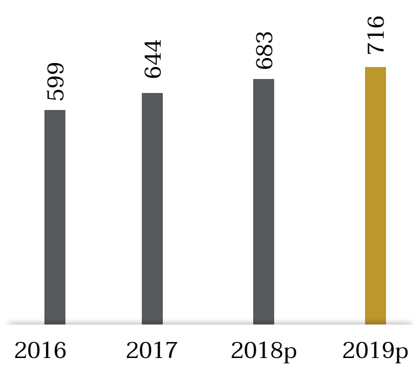
The global apparel segment witnessed healthy growth in sales volume on account of growth in digital market space despite of store downsizings and slower growth in retail space. The Indian textile and Apparel segment accounted for around 4% share in the global market. India is 5th largest exporter of readymade garments/ apparel in the world as per the WTO in its World Trade Statistical Review 2018. The textile sector is one of the largest sources of employment generation in India, with 45 million people employed directly. The industry contributes significantly towards the growth of Indian economy due availability of key raw materials such as cotton, wool and silk. The GoI has also been investing in scheme for Integrated Textile Parks and the Technology Upgradation Fund Scheme to training workforce and to encourage private investment in the Indian textile and apparel industry.

Growth in downstream industries providing opportunities in the US market

- Within the kitchen product market countertops and flooring round out the top four products at $14.64 billion and $12.82 billion, respectively.
- In the bathroom product market, the top five categories that represent more than half of the spend includes flooring ($11.84 billion), showers ($11.82 billion), vanities ($9.78 billion), bathtubs ($9.69 billion) and countertops ($8.8 billion).
- The residential kitchen and bath market in the United States is expected to grow at 4.1% to reach US$ 177 billion in 2019.
- The construction market will continue its growth trajectory in both 2018 and 2019. It is estimated to grow at 4.8% for 2019, bringing the residential construction market to $716 billion.

(Source: US based National Kitchen & Bath Association's Market Outlook report for 2018-19)

Total Residential Construction ($ Billions)



P : Projected

Source: US based National Kitchen & Bath Association's Market Outlook report for 2018-19

Pokarna's position in the US market

The demand for granite slabs and quartz surfaces products in US market is depended on commercial and residential housing starts and remodelling investments. Our standalone and consolidated performance and financial results are dependent on continued access to the US markets and tariffs and other trade barriers that restrict or prevent access represent a continuing risk to us. Any retaliatory tariffs and trade tensions between US and China may impact demand for our products. As we enter 2019, many macro-economic conditions around the world could impact our results.

Industry Outlook

Countertops Market

Global kitchen countertop market is expected to grow from US$ 92.93 Bn in 2017 to US$ 135.47 Bn by 2025 at a CAGR of 4.9% between 2018 and 2025. The global countertop market is showing an upward trend throughout the world on account of several factors such as rising rates of employment, increasing disposable incomes and low interest rates, particularly in the United States, which has encouraged the demand of residential construction. Hence, the global countertop market is growing steadily as residential construction and private spending on home are increasing. A steady rise in the countertops sales is due to a rise in the residential construction and increase in the private spending on homes.

While on one hand, the market faces challenges like increasing rates of interest and rising sales price of existing homes, on the other hand, the market value of countertop market is set to rise due to an increasing preference of higher priced materials rather than the laminates. In addition to this, residential remodelling activity is expected to rise as homeowners continue to opt for larger kitchens and multiple bathrooms, expanding the space devoted to countertops. Increasing construction activity in the countertop-intensive office, retail, lodging, and institutional markets will also drive growth of countertop market in the coming period. (Source Big Market Research).

Forecast Countertops Market Share 2021 (by Value)

Granite 28.3%
Solid Surface 20.3%
Lamintes 12.3%
Quartz 20.6%
Others 18.5%

Granite

Annual growth in the US market for home improvement and repair is expected to slow considerably by the end of the year, according to the Leading Indicator of Remodelling Activity (LIRA) recently released by the Remodelling Futures Program at the Joint Center for Housing Studies of Harvard University. The LIRA projects that gains in renovation and repair spending to owner-occupied homes in the U.S. will shrink from 7.5 percent in 2018 to 5.1 percent in 2019.

Natural stone markets are becoming more and more sensitive to fashion trends. Competition in natural stone markets is stiff particularly from Brazil and China. In the long run, in our opinion, large growth may not be expected in the granite industry.

A decrease in the average price for granite over the past few years has made it available to a significant portion of the mass market, while high-end homes, hotels as well as commercial retail, are moving more and more towards variety of engineered surfaces. As a result, quartz surfaces, porcelain, sintered material, certain high end exotic natural stones other than granite, recycled materials and other niche materials and are likely to benefit as high-end homeowners, hotels as well as commercial retail seek novel, higher-value materials.

Quartz

The quartz market is anticipate to grow at a CAGR of 5% between 2019 to 2024. The growth will be driven by demand for quartz sand in the petroleum industry and the demand for high-purity quartz in the semiconductor industry. Emerging technologies in the development of quartz crystal will further provide boost to the Industry in the short-term period.

Global Quartz Surfaces Sales Forecast by Regions (2018 – 2023)

(Million SFT)

	2018E	2019F	2020F	2021F	2022F	2023F
North America	176.5	195.7	217.5	242.6	270.8	300.5
Europe	90.1	98.5	107.2	116.8	128.1	139.3
Asia Pacific	213.2	240.4	270.8	303.6	340.0	382.9
South America	39.2	43.2	47.7	52.7	58.3	64.5
Middle East & Africa	63.4	69.2	75.1	81.7	89.0	96.8
Total	**582.4**	**646.9**	**718.2**	**797.4**	**886.2**	**984.1**

Source: Global Info Research, 2018

Apparels

The global apparel market is expected to grow by around 4% CAGR supported by increasing population, changing lifestyle and introduction innovative products backed by introduction of better technology equipped with Artificial Intelligence (AI) across the globe. The Indian market is anticipated to growth at a CAGR of 14% between 2018-2023 to reach US $ 198 Billion by 2023. The major challenge to industry in 2019 will be uncertainty in terms of volatile global economic growth, uncertain outlook of US and China trade conflict and adverse outcomes of Brexit. However, development of fashion retail outlets and supermarkets along with growth of digital market in developing economies such as India and China is expected to increase the global textile and apparels demand in short-term.

Country wise sales break-up in 2019

- Western Europe 35.2%
- China 31%
- Others 8.2%
- USA 5%
- India 4.2%
- Korea 4.1%
- Turkey 3.9%
- Japan 3.1%
- Arab Countries 2.9%
- Pakistan 2.4%

Source: Textile Infomedia

About the company and Business Overview

Pokarna is a supplier of both raw and processed granite with quarrying operations in Telangana, Andhra Pradesh and Tamilnadu and two granite processing facilities around Hyderabad. Majority of our finished granite products are exported to the U.S. and raw granite blocks are exported to China. We also manufacture and retail apparel under the brand name STANZA.

Pokarna's wholly owned subsidiary - Pokarna Engineered Stone Limited ("PESL") is India's largest exporter of natural quartz surface to the U.S. and has earned significant reputation for its innovation in design and performance. PESL's research, design and development efforts are key factors in its success. PESL is committed to growing share in many markets through its differentiated designs strategy. PESL's differentiated designs strategy is aimed at developing products with exotic natural stone-like appearance and complex detailing while being high in performance and priced reasonably. During FY 2019, PESL started supplying products to IKEA in India. Under the arrangement with IKEA, PESL gives complete solution and service by undertaking on site measurement, home delivery and installation and after sales warranty of its products and services to IKEA's customer. On the similar lines, PESL is working on creating the groundwork and platform for offering stone installation and maintenance related services in India to retail and other institutional clients.

During the year under review, PESL commenced building of greenfield facility near Hyderabad for manufacturing quartz surfaces and it is expected to be in commercial operations by March 2020.

Financial Performance

Standalone

Lower processed granite sales volumes lower than expected quarry production volumes led to decline in granite revenue by 5.80 % to ₹13901.74 lakhs. EBITDA for the segment stood at ₹3328.37 lakhs as against ₹3849.34 lakhs in FY2018. During the year, Apparel business generated revenues of ₹729.47 lakhs as against ₹846.04 lakhs in FY2018. Operations at sub-optimal level coupled with elevated operating cost are primary factors for the subdued performance of the business. The division's revenue was entirely derived from domestic market. EBITDA for the segment stood at ₹-274.50 lakhs as against ₹-317.60 lakhs in FY2018.

Our Apparel business has been reclassified from discontinued operations to continuing operations, Company took a depreciation charge of ₹493.24 lakhs on its books and therefore our Profit after tax was down by 59 % to ₹-667.62 lakhs.

The Board of Directors of the Company have decided not to pursue restructuring solution for Apparel business of the Company as despite continuous efforts, no attractive restructuring solution could be identified. Accordingly, Apparel Business has been reclassified from discontinued operations to continuing operations. Consequently, in accordance with Ind AS 105 Non-current Assets held for Sale and Discontinued Operations, the assets and liabilities of Apparel Business have been restated in the financial statements as at 31st March, 2019 and corresponding previous periods.

The Board has recommended a final dividend of ₹0.60 per equity share this year compared with ₹0.60 per equity share in the previous year. This is consistent with Company's strategy to distribute surplus capital to shareholders while maintaining an efficient and resilient capital structure with the flexibility to investment for long term growth.

Consolidated

On Consolidated basis we recorded a strong operational and financial performance in FY 2019. The increase was driven by PESL's improved operational performance complemented by increased average realisation per square foot. In FY2019, consolidated revenue was up by 37 % to ₹46221.99 lakhs compared with ₹33746.66 lakhs in FY2018. Net Debt to EBITDA ratio which represents the strength of our balance sheet was at 1.15 times, compared to 1.84 times as at 31st March, 2018. The interest cover for the Company continues to be stable at 4.99 times. Our Return on capital employed improved by 30 % to 30 %, compared with 23 % in FY2018. In FY2019, underlying EPS was at 26.02 per equity share, higher than the previous year earnings of 13.62 per equity share.

Risk & Concerns

Principal risks and uncertainties as set out below may impact the Company's and its subsidiary's business. The risks are not set out in any particular order and do not comprise every risk we encounter in conducting our business and does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their impact on our business:

Risk	Concern	Mitigant
Operational Risk	Quarrying activities of the Company are subject to the hazards and subsoil risk, i.e. the risk of known and unforeseeable effects and difficulties originating from the subsoil (all underground, geological risks).	We plan to mitigate this risk through the implementation of robust health and safety training and practices, supported by detailed procedures. The Company has instilled a zero-tolerance attitude for safety incidents at all levels of operations. All significant incidents on site are required to be reported to the Board of Directors. Other operational risks are mitigated using trained personnel, detailed monitoring of operations on a technical and geological basis to ensure that issues are identified and addressed promptly.
Quarry development Risk	Several of the Company's quarries and pits are at an early stage of development. As a result, there can be no assurance that the colour, texture, quality and other characteristics of the granite slabs processed and blocks mined from the quarries will be consistent with the material that has been quarried to date If the granite block extracted is of a lower quality than expected, then demand for, and the realisable price may be lower than expected.	We mitigate these risks with the use of highly trained quarry personnel and geologists, and the detailed assessment of the resource including, where appropriate, drilling, technical surveys and third-party reviews.

Risk	Concern	Mitigant
Production and sales risk	Company may incur losses unless and until such time as some or all the quarries are at a level of development which allows the production of commercially significant volumes of material and generation of sufficient revenues to fund continuing operations.	We mitigate these risks by having approved business plans and targets while working within strict working capital controls and robust budgeting and cost control processes.

Environmental risks and hazards.	Company's quarrying operations are subject to environmental regulation. Environmental legislation is evolving in a manner that may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.	We mitigate these risks by developing policies and procedures to ensure that environmental standards are met in excess of current local legislation. We will continue to monitor evolving standards within each of its operating environments.
Community relations	The continued success of our existing operations and future projects are in part dependent upon broad support and a healthy relationship with the respective local communities. Failure to identify and manage local concerns and expectations could affect the organization's reputation and social license to operate and grow	We mitigate these risks by having periodic engagements with all local communities to establish relations based on trust and mutual benefit. Our focus is on local consent prior to accessing resources or starting work. We seek to identify and minimise potential negative operational impacts and risks through responsible behaviour – acting transparently and ethically, promoting dialogue and complying with commitments to stakeholders. The Board's Corporate Social Responsibility (CSR) Committee decides the focus areas of all CSR activities, budget and programmes to be undertaken.
Currency exchange rate fluctuations	We derive substantial income from exports. We have foreign currency loans and we also import some portion of our raw materials and a significant part of our consumables and capital equipment. Any volatility in the Currency exchange rate would therefore impact the Company.	We mitigate these risks by not speculating in forex. The Audit Committee reviews our forex-related matters periodically and suggests necessary courses of action as may be needed by businesses from time to time, and within the overall framework of our forex policy.
Risk	**Concern**	**Mitigant**
Operational turnaround of apparel business	Apparel business of the Company is now a continuing operation. Losses of the apparel division impact overall profitability of the Company.	We plan to mitigate this risk by focusing rigorously on improving performance of this business and become operationally positive.

Risk	Concern	Mitigant
Financial	PESL's capital plans include, from time to time, expansion, productivity improvement, technology upgrades, operating efficiency optimization and repair or replacement of its existing facilities and equipment. If the capital expenditures associated with these capital projects are greater than we have projected or if construction timelines are longer than anticipated, our financial condition, results of operations and cash flows may be adversely affected.	We mitigate these risks by using capital prudently. We believe our capital resources will be adequate to meet our current projected operating needs, capital expenditures and other cash requirements. We have track record of good relations with banks, and of raising borrowings in last few years. We have taken necessary steps to ensure that construction and operation timelines for the capital expenditure projects are within the time limits set.
Product Pricing	PESL faces intense competition from manufacturers of quartz surfaces using Chinese technology and this can impact its average realisation.	We plan to mitigate the effects of decreased average selling prices by continuous improvement in our operations and supply chain costs, improve our inventory management control and increase sales of premium products for which we are able to charge higher prices.
Trade credit	Trade arrangements with certain customers include the provision of short-term credit. The Company is therefore exposed to the credit risk for a portion of its sales.	We mitigate this risk through assessment of individual customer credit limits and tight credit monitoring with ageing of balances outstanding.
Breaches in information/IT security	Like many other organisations, our reliance on computers and network technology is increasing. Any cyber security breach could have an impact on business operations.	We have standard operating procedure in place for information and IT security. IT security policies and procedures are defined. An IT system is in place to monitor logical access controls
Trade Restrictions	Substantial portion of Company's products are exported to the US. Company's financial results are dependent on continued access to the US markets and tariffs and other trade barriers that restrict or prevent access represent a continuing risk to us.	We plan to mitigate this risk by diversifying into other markets and strengthening our position in non-US markets where we are already present.

People

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

We plan to mitigate this risk by continuously investing in initiatives which widen our talent pool. Our performance management system is designed to provide reward and remuneration structures and personal development opportunities to attract and retain key employees.

At present there are no risks to the continued existence of the Company. In our belief, the commercial opportunities available far outweigh the potential risks.

Internal control systems and their adequacy:

The scope of the Internal Audit function is defined annually. With a view to maintain independence and objectivity in its working, the Internal Audit function reports directly to the Audit Committee. Based on the reports of internal audit function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Act. The Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has robust policies and procedures which, inter alia, ensure integrity in conducting its business, safeguarding of its assets, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors.

Human Resource and Industrial relations

Your Company strives towards building a transparent and conducive work environment for its employees. The focus is on covering all aspects of employee lifecycle to provide them a holistic experience. Your Company recognizes that workforce with a proper work-life balance will be a motivated and committed contributor. During his / her tenure, the employee is exposed to different roles, assigned various tasks and multiple skill development activities to keep them motivated and progressive. Further, the Company also conducts interventions to gather ideas around innovations to engage and develop employees. In FY 2019, the Company including PESL employed 736 number of employees.

Cautionary Statements

Certain statements in this report may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local, political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements.

Important factors that could make a difference to your Company's operations include economic conditions affecting demand/supply and price conditions in the overseas and domestic markets in which your Company operates, changes in the Government regulations, tax laws, statutes and other incidental factors. Your Company will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Invitation

9th August, 2019

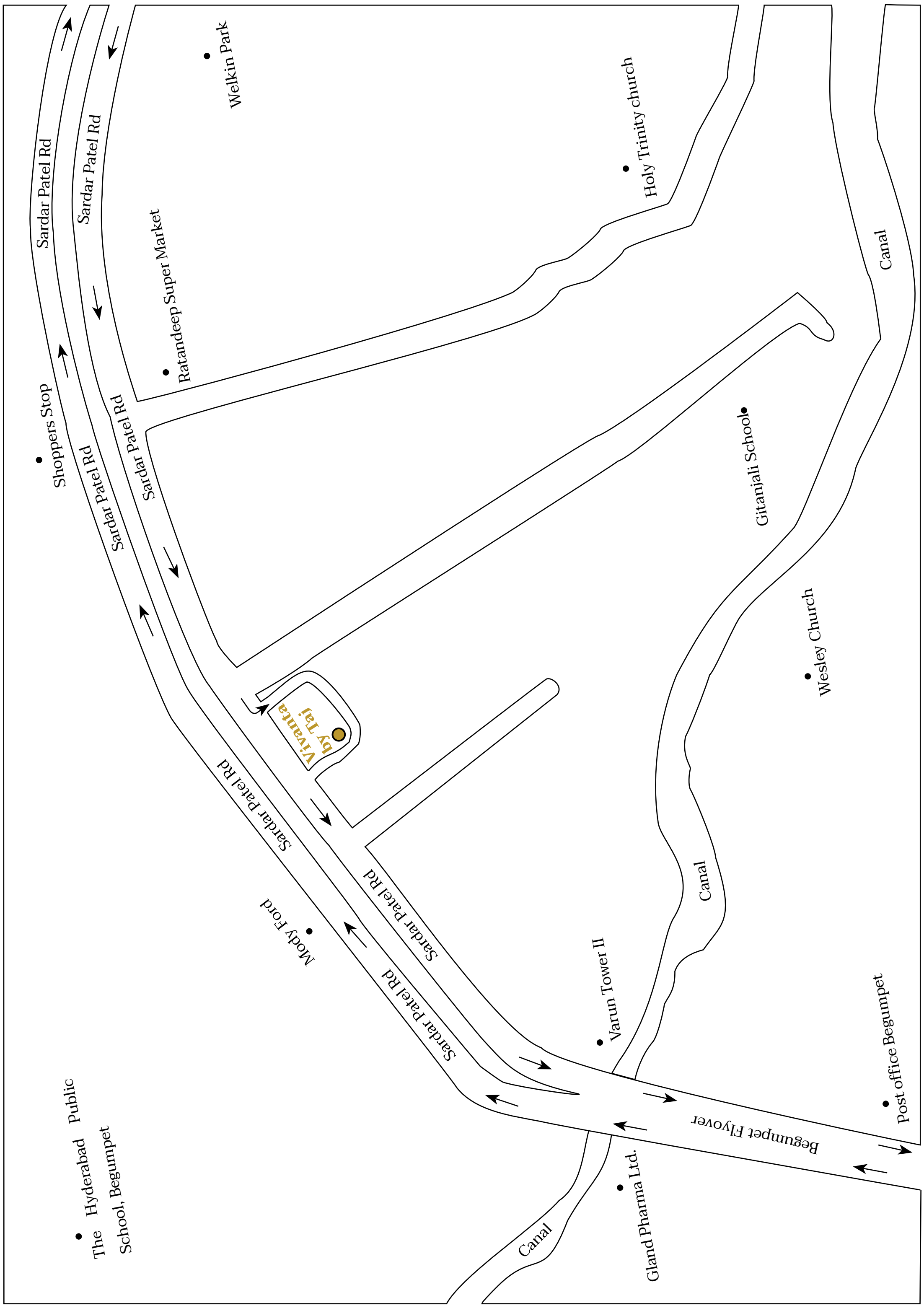
Dear member,

You are cordially invited to attend the 28th Annual General Meeting of the Members of Pokarna Limited (the Company) will be held on 14th September, 2019, Saturday 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-Eighth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 28TH ANNUAL GENERAL MEETING OF THE MEMBERS OF POKARNA LIMITED (THE COMPANY) WILL BE HELD ON 14TH SEPTEMBER, 2019, SATURDAY 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 BUSINESS:

Ordinary Business

1. To receive, consider and adopt:

   (a) the Audited Standalone Financial Statements of the Company consisting of the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the reports of the Board of Directors and the Auditors report thereon; and

   (b) the Audited Consolidated Financial Statements of the Company consisting of the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the Auditors' Report thereon.

2. To declare Dividend on Equity Shares for the financial year 2018-19.

3. To appoint a Director in place of Mrs. Apurva Jain (DIN: 06933924), who retires by rotation and being eligible, offers herself for re-appointment.

4. To authorise the Board of Directors of the Company, to fix the remuneration of M/s. K.C Bhattacharjee & Paul, Chartered Accountants, (ICAI Firm Registration Number 303026E), the Statutory Auditors of the Company for the remainder of their tenure as such Auditors.

Special Business

5. **Re-appointment of Mrs. Apurva Jain as Executive Director**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution: -

   "RESOLVED that pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the consent of the Company be and is hereby accorded for the re-appointment and terms of remuneration of Mrs. Apurva Jain (DIN: 06933924) as the Executive Director of the Company for the period commencing from 9th August, 2019 to 8th August, 2024, 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 during the tenure of her re-appointment), with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mrs. Apurva Jain;

   RESOLVED FURTHER that the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

6. **Ratification of Cost Auditor's Remuneration**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), payment of ₹1,25,000/- (Rupees One Lakh and Twenty Five thousand only) plus applicable taxes thereon and reimbursement of out-of-pocket expenses at actuals, to M/s. DZR & Co., Cost Accountants (Firm Registration No. 00173 with the Institute of Cost Accountants of India), who have been appointed by the Board as Cost Auditors of the Company for conducting the cost audit of the accounts for the financial year ending 31st March, 2020 be and is hereby ratified."

By order of the Board
For Pokarna Limited
Sd/-
Mahesh Inani
Company Secretary
ACS No. A37577

Registered Office:
105,First Floor, Surya Towers,
S. P. Road, Secunderabad - 500 003
Date: 9th August, 2019

Notes and Shareholder Information:

1. A member entitled to attend and vote at the Annual General Meeting ("the Meeting") is entitled to appoint a proxy to attend and vote on a poll, instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy should be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A person can act as a proxy on behalf of members up to and not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent 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 member.

2. An Explanatory Statement under Section 102(1) of the Companies Act, 2013 ("the Act") is annexed hereto.

3. Additional information with respect to Director seeking re-appointment under Item Nos. 4 and 5 above as required by Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and as required under Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, is detailed below and shall be read as part of this Notice:

Name	Mrs. Apurva Jain
DIN	06933924
Designation	Whole time director
Date of Birth	07.11.1984
Qualification	Bachelor of Science (Home Science).
Expertise in specific functional areas	Mrs. Apurva Jain has over 10 years of experience in operations, marketing, strategy and other commercial functions. She inter alia leads the apparel business of the Company.
Shareholding of as on 9th August, 2019	NIL
Number of Meetings of the Board attended during the year	5
Names of listed entities in which the person also holds the directorship and the membership of the committees of Board (as on 9th August, 2019).	NIL
Disclosure of relationships	Spouse of Mr. Rahul Jain, Managing Director and Daughter in law of Mr. Gautam Chand Jain, Chairman & Managing Director.
Terms and Conditions of appointment/ re-appointment along with details of remuneration sought to be paid and remuneration last drawn	The terms and conditions of reappointment and details of remuneration sought to be paid is given in the explanatory statement annexed to this Notice. Remuneration last drawn is ₹12 lakhs in FY 2018-19.

4. Dispatch of Notice and Annual Report through electronic means : Pursuant to Sections 101 and 136 of the Act read with rules framed thereunder and Regulation 36(1) of the Listing Regulations, the Notice calling the Meeting along with the Annual Report 2018-19, Attendance Slip and Proxy Form is being sent by electronic mode to those members whose e-mail address is registered with the Company or Depository Participant(s) or its Registrars and Transfer Agent, Karvy Fintech Private Limited, the Company's Registrar and Share Transfer Agent, unless the members have requested for physical copy of the same. For members who have not registered their e-mail address, physical copies would be sent by the permitted mode.

5. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.

6. The Register of members and the Share Transfer Books of the Company will remain closed from 10th September, 2019 to 14th September, 2019 (both days inclusive).

7. Members/Proxies attending the Meeting are requested to complete and bring the Attendance Slip enclosed with the Annual Report and hand over the same at the entrance of the meeting hall, duly signed.

8. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, will be available for inspection by members at the Annual General Meeting (AGM).

9. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agent, Karvy Fintech Private Limited ("Karvy") cannot act on any request received directly from the members holding shares in electronic form

for any change of bank particulars or bank mandates. Such changes are to be advised only to the concerned Depository Participant by the members.

10. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Karvy.

11. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy, for consolidation into a single folio.

12. Non-Resident Indian members are requested to inform Karvy, immediately of:

    (i) Change in their residential status on return to India for permanent settlement.

    (ii) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

13. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

    (iii) The Securities and Exchange Board of India (SEBI) has mandated the submission of Bank account details and Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN and Bank Accounts details to the Company / Karvy.

14. Voting through electronic means: In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 (Listing Regulations) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI), the Company is pleased to provide the members facility to exercise their right to vote at the 28th AGM by electronic means and the facility of casting the votes by the members using an electronic voting system from a place other than the venue of the AGM ("remote e-voting") will be provided by Karvy The procedure for participating in the remote e-voting is given below:

A. In case a member receives an email from Karvy [for members whose email IDs are registered with the Company/ Depository Participants (s)]:

    (i) Launch internet browser by typing the URL: https://evoting.karvy.com.

    (ii) Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN number 4859 followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

    (iii) After entering these details appropriately, click on "LOGIN".

    (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

    (v) You need to login again with the new credentials.

    (vi) On successful login, the system will prompt you to select the "EVENT" i.e., Pokarna Limited.

    (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR / AGAINST" taken together not exceeding your total shareholding. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

    (viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.

    (ix) Voting has to be done for each item of the notice separately.

(x) You may then cast your vote by selecting an appropriate option and click on "Submit".

(xi) A confirmation box will be displayed. Click "OK" to confirm; else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).

(xii) Corporate / Institutional members (i.e. other than Individuals, HUF, NRI etc.,) are required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email kvcr133@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above-mentioned documents should be in the naming format "Pokarna Limited – 28th AGM".

B. In case of members receiving physical copy of Notice [for members whose email IDs are not registered with the Company / Depository Participants (s)](i) E-Voting Event Number – 4859 (EVEN), User ID and Password is provided in the Attendance Slip.(ii) Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

C. Voting at AGM: The members, who have not cast their vote electronically, can exercise their voting rights at the AGM. The Company will make necessary. Voting at AGM: The members, who have not cast their vote electronically, can exercise their voting rights at the AGM. The Company will make necessary arrangements (e-voting/ballot) in this regard at the AGM Venue. Members, who cast their votes by e-voting prior to AGM may attend the AGM, but will not be entitled to cast their votes again.

Other Instructions:

(i) In case of any queries, you may refer Help & FAQ section of https://evoting.karvy.com (Karvy Website) or call Karvy on 040-6716 1616 & Toll-Free No.1800 3454 001

(ii) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).

(iii) The e-voting period commences 11th September, 2019 (9.00 a.m. IST) and ends on 13th September, 2019 (5.00 p.m. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., 09th September, 2019, may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

(iv) Those who become members of the Company after despatch of the AGM Notice but on or before 09th September, 2019 (cut-off date) may write to Karvy at evoting@karvy.com or to the Company at igrc@pokarna.com requesting for user ID and password. On receipt of user ID and password, the steps from SI. Nos. (i) to (xii) mentioned in (A) above should be followed for casting of vote.

(v) The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date.

(vi) The Board of Directors has appointed K.V Chalamareddy (Membership No. F9268 and PCS No. 5451), Practicing Company Secretary, as the Scrutiniser to scrutinize the e-voting process in a fair and transparent manner.

(vii) The scrutiniser shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and within a period not exceeding two (2) days from the conclusion of the meeting make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or any person authorized by the Chairman for counter signature.

(viii) The Results shall be declared either by the Chairman or by a person authorized in writing by the Chairman and the resolutions will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).

(ix) Immediately after declaration of results, the same shall be placed along with the Scrutiniser's Report on the Company's website www.pokarna.com and on the website of Karvy https://evoting.karvy.com, and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed for placing the same in their website.

15. Unpaid and Unclaimed Dividend: In terms of the applicable provisions of the Act read with the Investor

Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"), dividend(s) which are unpaid and unclaimed for a period of seven years are required to be transferred to the Investor Education and Protection Fund ("IEPF") administered by the Central Government. Members are hereby informed that from the Final Dividend declared by the Company at the 27th AGM for the financial year 2017-18, an amount of ₹1,33,423.80/- is lying unpaid and unclaimed as on 31st March, 2019. The last date for claiming the said unpaid and unclaimed dividend is as under:

Financial year ended	Date of declaration of dividend	Last date for claiming unpaid and unclaimed dividend
31st March, 2018	14th September, 2018	20th October, 2025

The Company has uploaded the Shareholder-wise details of said unpaid and unclaimed amounts lying with the Company as on 31st March, 2019 on the website of the Company www.pokarna.com.

Members who have not encashed their dividend so far in respect of the aforesaid period, are requested to make their claim to Company or its Registrars and Transfer Agent, Karvy Fintech Private Limited, well in advance of the above due date.

16. As per Section 124 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2017 and amendments made thereunder, all shares in respect of which dividends remain unpaid or unclaimed for a consecutive period of seven years, or more, are required to be transferred to the Investor Education and Protection Fund Authority (IEPF). In compliance with the said Rules, the Company shall be transferring the underlying shares in respect of which dividends remained unclaimed for a consecutive period of seven years.

17. Green Initiative: Members are requested to support the GREEN Initiative by registering/updating their e-mail address with the Depository Participant (in case of equity shares held in dematerialised form) or with Karvy (in case of equity shares held in physical form). This initiative would enable the members to receive Company communications promptly besides protecting the environment by reducing consumption of paper.

By order of the Board
For Pokarna Limited

Registered Office:
105,First Floor, Surya Towers,
S. P. Road, Secunderabad - 500 003
Date: 9th August, 2019

Sd/-
Mahesh Inani
Company Secretary
ACS No. A37577

Explanatory Statement in Respect of Special Businesses Pursuant to Section 102 of The Companies Act, 2013

Item No. 5

Re-appointment of Mrs. Apurva Jain as Executive Director

Mrs. Apurva Jain was appointed as Executive Director of the Company for the period of 5 years commencing from 09th August, 2014 . The Board at its meeting held on 09th August, 2019, re-appointed Mrs. Apurva Jain as Executive Director of the Company for a period commencing from 09th August, 2019 to 08th August, 2024, subject to approval of the members. This reappointment was made based on the recommendation of the Nomination and Remuneration Committee ("NRC") of the Board. The Board thereafter at its meeting on 09th August, 2019, based on the recommendation of the NRC, had fixed the terms of remuneration payable to Mrs. Apurva Jain, subject to the approval of the members. The principal terms and conditions of Mrs. Apurva Jain's re-appointment as Executive Director are as follows:

A. Tenure of Re- Appointment: The re- appointment of Mrs. Apurva Jain is for a period of 5 years commencing from 09th August, 2019 to 08th August, 2024.

B. Nature of Duties Mrs. Apurva Jain shall devote her whole time and attention to the business of the Company and carry out such duties as may be entrusted to her by the Chairman & Managing Director and the Board, and exercise such powers as may be assigned to her, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the business of the Company and the business of any one or more of its associated companies and /or subsidiaries , including performing duties as assigned by the Board from time to time, by serving on the Boards of such associated companies/ subsidiaries or any other executive body or a committee of such a company.

C. Remuneration: So long as the Mrs. Apurva Jain performs her duties, she shall, subject to such approvals as may be required, be entitled to the following remuneration, subject to deduction of tax at source of all applicable taxes in accordance with the laws for the time being in force:

(i) Remuneration:

a. Basic Salary: 24 Lakhs per annum (i.e. ₹ 2 Lakhs per month) with the authority to the Board to determine any merit-based increase from time to time.

b. Performance Bonus / Incentive: Annual Performance Bonus / Incentive as may be approved by the Board based on the performance criteria laid down by the Company.

c. Perquisites & Allowances: In addition to the Salary & Performance Bonus / Incentive, Mrs. Apurva Jain shall be entitled to following perquisites and allowances: Medical Reimbursements, Club Fees, Personnel Accident & Medical Insurance, use of chauffeur driven company car, telecommunication facilities at residence and such other perquisites and allowances in accordance with rules of the Company.

(ii) 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.

(iii) 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.

The terms and conditions as set out herein above may be treated as written memorandum setting out the terms of reappointment of Mrs. Apurva Jain under the provisions of Section 190 of the Act. The relevant particulars as required under the provisions of regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the notes to this Notice.

In compliance with the provisions of Sections 196, 197 and other applicable provisions, if any, of the Act, read with Schedule V thereto, the terms of appointment and remuneration specified above are now being placed before the members for their approval.

Copy of relevant resolutions of the Board with respect to above said re-appointment is available for inspection by members at the registered office during working hours on any working day till the date of the Annual General Meeting.

Except Mrs. Apurva Jain to whom the resolution relates and her relatives viz., Mr. Gautam Chand Jain, Mr. Rahul Jain and the other relatives (to the extent of their shareholding in the Company), none of the other Directors and Key Managerial Personnel are interested financially or otherwise, in the resolution at Item. No. 5 of the accompanying Notice.

Remuneration payable to her is commensurate with her abilities and experience and, accordingly, Board commends the resolution at Item No. 5 of the accompanying Notice for re-appointment of Mrs. Apurva Jain as Executive Director, for approval by the members.

Item No. 6

Ratification of Cost Auditor's 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 re-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 31st March, 2020, at a remuneration of ₹1,25,000/- plus applicable taxes and reimbursement of out-of-pocket expenses at actuals.

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.

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 at Item No. 6 of the accompanying Notice.

The Board commends the resolution at Item No. 6 of the accompanying Notice for ratification of the Cost Auditors' remuneration by the members.

By order of the Board
For Pokarna Limited

Registered Office:
105,First Floor, Surya Towers,
S. P. Road, Secunderabad - 500 003
Date: 9th August, 2019

Sd/-
Mahesh Inani
Company Secretary
ACS No. A37577

Directors' Report to the Shareholders

Dear Members,

Your Directors take pleasure in presenting their 28th Annual Report together with the annual audited consolidated and standalone financial statements for the financial year ended 31st March, 2019.

Financial Highlights

₹ in Lakhs

S. No	Particulars	Standalone		Consolidated	
		2018-19	2017-18	2018-19	2017-18
1	Total Revenue	14767.62	15836.09	47129.85	34336.85
2	Less-expenditure	13767.99	14102.88	37005.98	29222.20
3	Profit/(Loss) Before tax and extra-ordinary items	999.63	1733.21	10123.87	5114.65
4	Tax expenses	311.84	499.42	2056.04	890.45
5	Profit /(Loss)After Tax	687.79	1233.79	8067.83	4224.20
6	Profit after tax for the year	687.79	1233.79	8067.83	4224.20
7	Total other comprehensive Income/(Loss) net of tax	52.44	45.58	58.36	52.88
8	Total comprehensive Income/(Loss)	740.23	1279.37	8126.19	4277.08

Consolidated Financial Performance

The Consolidated Income of the Company for the financial year ended 31st March, 2019 is ₹47129.85 lakhs vis-à-vis ₹34336.85 Lakhs in the previous year, thereby registering a growth of ₹37.26%. Consolidated Net Profit for the financial year ended 31st March, 2019 is ₹8126.19 Lakhs as compared to ₹4277.08 Lakhs in the previous year, registering a growth of 90%.

Standalone Financial Performance

Your Company's total income during the year under review was ₹14767.62 Lakhs as compared to ₹15836.09 Lakhs in the previous year. The Profit before Tax for the year 2018-19 was ₹999.63 Lakhs as against ₹1733.21 Lakhs in the previous year. Profit after Tax in 2018-19 stood at ₹740.23 Lakhs as against ₹1279.37 Lakhs in the previous year.

Overview and The State of the Company Affairs

Granite sales in FY 2019 were lower than budgeted largely as a result of the slower than required growth in saleable production from quarries and lower sales of processed granite. Lower capacity utilisation of apparel manufacturing facility and extended gestation on retail stores as well as depreciation charged during the year has resulted in the Company's operational performance being further hit.

The business performance continues to be impacted mainly due to lower capacity utilisations in granite processing plants. Granite processing industry is getting overcrowded as entry barriers are now very limited. Going forward, the Company's revenue growth would strongly be dependent upon the performance of the US and Chinese economy, given the concentration of granite sales to these geographies. The company's profitability is also expected to remain under pressure owing to intense competition from both domestic and international players.

The Board of Directors of the Company have decided not to pursue restructuring solution for Apparel business of the Company as despite continuous efforts, no attractive restructuring solution could be identified. Accordingly, Apparel Business has been reclassified from discontinued operations to continuing operations. Consequently, in accordance with Ind AS 105 Noncurrent Assets held for Sale and Discontinued Operations, the assets and liabilities of Apparel Business have been restated in the financial statements as at 31st March, 2019 and corresponding previous periods.

The apparel industry has evolved rapidly over the past few years driven by the entry of international brands, emergence of E-commerce players with deep pockets and rapid growth of value fashion category. The company continues to invest in building brand STANZA, aspiring to get traction in sales in the present, as well as in the future. The Company will continue to consistently scout for new viable locations for it's store additions, which continues to be a focus area. In the current environment, the Company has to work extremely hard to turnaround apparel business.

Dividend

The Directors are pleased to recommend the dividend of ₹0.60/- per equity share for the Financial Year ended 31st March, 2019. The dividend is subject to the approval of the Members at the Annual General Meeting ("AGM") scheduled on 14th September, 2019.

The Register of Members and Share Transfer Books will remain closed from 10th September, 2019 to 14th September 2019. (both days inclusive) for the purpose of payment of the dividend for the Financial Year ended 31st March, 2019 and the AGM.

Transfer to Reserves

No amount is proposed for transfer to the general reserve. An amount of ₹132.75 Lakhs has been transferred from the Debenture Redemption Reserve Account and an amount of ₹7976.32 Lakhs is proposed to be retained in the profit and loss account.

Directors' Responsibility Statement

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and the reviews performed by the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2018-19. 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:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

(b) 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;

(c) 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;

(d) they have prepared the annual accounts on a going concern basis;

(e) 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

(f) 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

Consolidated Financial Statements presented by the Company include the financial information of Pokarna Engineered Stone Limited ("PESL"), the wholly owned subsidiary company. There has been no material change in the nature of the business of PESL. The Company has adopted a Policy for determining the criteria of material subsidiaries which can be viewed on the Company's website at http://www.pokarna.com/wp-content/uploads/2014/07/Material-Subsidiary-Policy.pdf. 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 PESL will be available on the website of the Company - www.pokarna.com.

During the financial year under review, PESL achieved revenue of ₹32371.87 lakhs as against ₹18500.75 Lakhs in the previous year, thereby registering a growth of 75%. EBIDTA for the year under review was ₹12161.49 Lakhs as against ₹6429.77 Lakhs in the previous year, representing a growth of 89 %. The net profit for the year 31st March, 2019 increased from ₹2997.71 Lakhs to ₹7385.96 Lakhs, showing a growth of 146%. PESL's research, design and development efforts are key factors in its success. PESL is committed to growing share in many markets through its differentiated designs strategy. PESL's differentiated designs strategy is aimed at developing products with exotic natural stone-like appearance and complex detailing while being high in performance and priced reasonably.

The Company does not have any Associate or Joint Venture Companies.

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"). A detailed report on corporate governance as required under the Listing Regulations is provided in a seperate section and forms part of the 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. In terms of the Listing Regulations, the certificate, as prescribed in Part B of Schedule II of the said Regulations, has been obtained from Mr. Gautam Chand Jain, Chairman & Managing Director and Mr. M. Vishwanatha Reddy, Chief Financial Officer, for the financial year 2018-19 with regard to the financial statements and other matters. The said certificate forms part of the report on Corporate Governance.

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 Listing Regulations, is not applicable to your Company for the financial year ending 31st March, 2019.

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, and Education during the year and initiated various activities in neighbouring 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 ₹1,43,64,417/-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

Board of Directors and Key Managerial Personnel

Your Company is managed and controlled by a Board comprising an optimum blend of Executive and Non-Executive Directors. As on 31st March, 2019, the Board of Directors consists of eight (8) Directors consisting of Chairman & Managing Director, Managing Director, Executive Director (Woman Director) and five (5) Non-executive Directors, out of which four (4) are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the relevant provisions of the Companies Act, 2013.

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mrs. Apurva Jain (DIN06933924), Executive Director of the Company, retires by rotation at this Annual General Meeting of the Company and being eligible, has offered herself for re-appointment.

Mr. Gautam Chand Jain, Chairman & Managing Director, Mr. Rahul Jain, Managing Director, Mr. M Vishwanatha Reddy, Chief Financial Officer and Mr. Mahesh Inani, Company Secretary are the Key Managerial Personnel (KMP) within the meaning of Section 2(51) read with Section 203(1) of the Act.

The Directors possess requisite qualifications and experience in general management, strategy, mining, legal & finance, information technology and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company. Declarations from all Independent Directors have been received confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and the Listing Regulations and the same have been considered and taken on record by the Board.

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. Vinayak Rao Juvvadi and Mr. Prakash Chand Jain 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.

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.

Details of various risks faced by your Company are provided in the Management Discussion and Analysis. There is no identification of risks which in the opinion of the Board may threaten the existence of the Company.

Related Party Transactions

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

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

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

Your attention is drawn to the Related Party disclosures set out in Note no. 32, of the Standalone Financial Statements.

Internal Financial Controls

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

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 term.

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

The Members at the 27th Annual General Meeting of the Company held on 14th September, 2018 had appointed M/s. K.C. Bhattacharjee & Paul, Chartered Accountants (Firm Registration No. 303026E) as the Statutory Auditor of the Company to hold office for a term of four years i.e., from the conclusion of the 27th Annual General Meeting until the conclusion of 31st Annual General Meeting of the Company, subject to ratification of their appointment by the shareholders, every year. The Ministry of Corporate Affairs vide its Notification dated 7th May, 2018, has dispensed with the requirement of ratification of Auditor's appointment by the shareholders, every year. Hence, the resolution relating to ratification of Auditor's appointment is not included in the Notice of the ensuing Annual General Meeting. The Company has received a certificate from M/s. K.C. Bhattacharjee & Paul, Chartered Accountants confirming that they are not disqualified from continuing as Statutory Auditors of the Company.

Members are requested to authorize the Board of Directors of the Company to fix the Statutory Auditors' remuneration for the remainder of their term, for which necessary proposal has been included in the Notice convening this Annual General Meeting.

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 2019-2020 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 2018-19. 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 six times during the year (including the separate meeting of independent directors) to deliberate on various matters. The meetings were held on 04th May, 2018, 28th May, 2018, 10th August, 2018, 10th November, 2018, 29th January, 2019 and 26th March, 2019. 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

During the period under review, the Company has neither provided any loans nor made investments under provisions of the Section 186 of the Companies Act, 2013. For details of corporate guarantee provided by the Company, to the lenders of Pokarna Engineered Stone Limited (wholly owned subsidiary), please refer to Note 43 to the Financial Statements.

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

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

Extract of Annual Return

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

Material Changes and Commitments affecting the Financial Position of the Company

There have been no 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 statements relate and the date of this Report.

Significant and Material Orders

During the financial year 2018-19, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

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.

Compliance of Secretarial Standards

During Financial Year 2018-19, your Company has complied with the relevant provisions of Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

Reporting of Frauds

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of the Act and the rules made thereunder.

Share Capital

The Company's paid-up Equity Share Capital continues to stand at ₹620.08 Lakhs as on 31st March, 2019. During the year, the Company has not issued any shares or shares with differential voting rights or convertible securities. Also, the Company does not have any Scheme for issue of shares including sweat equity to the employees or Directors of the Company.

Revision in Financial Statements

There has been no revision in the financial statements.

Nature of Business

There has been no change in the nature of business of the Company.

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

The company considers its human resources as the key to achieve its objectives. Keeping in view, your company takes utmost care to attract and retain quality employees. The employees are sufficiently empowered and such work environment propels them to achieve higher levels of performance. The unflinching commitment of the employees is the driving force behind the company's vision. The company appreciates the spirit of its dedicated employees.

Green initiative in corporate governance

The ministry of corporate affairs (MCA) has taken a green initiative in corporate governance by allowing paperless compliance by the companies and permitted the service of annual reports and documents to the shareholders through electronic mode subject to certain conditions and the company continues to send annual report and other communications in electronic mode to the members having email addresses and for the members who have not registered their email addresses , physical copies are sent through the permitted mode.

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.

Annexure - I

FORM NO. MGT- 9

Extract of Annual Return

As on The Financial Year Ended on 31st March, 2019

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

I. Registration and Other Details:

i)	CIN	L14102TG1991PLC013299
ii)	Registration Date	09/10/1991
iii)	Name of the Company	Pokarna Limited
iv)	Category / Sub-Category of the Company	Company Limited by Shares / Indian Non-Government Company
v)	Address of the Registered office and contact details	105, 1st Floor, Surya Towers, Secunderabad, Telangana State – 500003, India. Tel: +91 40-2789 7722, Fax: +91 40-2784 2121, Email: companysecretary@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 Fintech 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	39.79
2.	Mining and sale of granite blocks	08102	55.22

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 31/03/2018				No. of shares held at the end of the year 31/03/2019				% 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	17567385	0	17567385	56.66	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
	Sub-Total A(1) :	**17567385**	**0**	**17567385**	**56.66**	**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)	**17567385**	**0**	**17567385**	**56.66**	**17567385**	**0**	**17567385**	**56.66**	**0.00**
(B)	**PUBLIC SHAREHOLDING**									
(1)	**INSTITUTIONS**									
(a)	Mutual Funds /UTI	1000000	0	1000000	3.23	1567778	0	1567778	5.06	1.83
(b)	Financial Institutions /Banks	17249	0	17249	0.06	30449	0	30449	0.10	0.04
(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	121048	0	121048	0.39	216026	0	216026	0.70	0.31
(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) :	**1138297**	**0**	**1138297**	**3.67**	**1814253**	**0**	**1814253**	**5.85**	**2.18**
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate	1399136	0	1399136	4.51	1598103	0	1598103	5.15	0.64
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	5990196	285120	6275316	20.24	6508827	220125	6728952	21.70	1.46
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	3790278	0	3790278	12.23	2574441	0	2574441	8.30	-3.92
(c)	Others									
	CLEARING MEMBERS	63854	0	63854	0.21	12278	0	12278	0.04	-0.17
	NON RESIDENT INDIANS	455914	2000	457914	1.48	505669	2000	507669	1.64	0.16
	NRI NON-REPATRIATION	149475	0	149475	0.48	200919	0	200919	0.65	0.17
	TRUSTS	162345	0	162345	0.52	0	0	0	0.00	-0.52
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	**12011198**	**287120**	**12298318**	**39.67**	**11400237**	**222125**	**11622362**	**37.49**	**-2.18**
	Total B=B(1)+B(2) :	**13149495**	**287120**	**13436615**	**43.34**	**13214490**	**222125**	**13436615**	**43.34**	**0.00**
	Total (A+B) :	**30716880**	**287120**	**31004000**	**100.00**	**30781875**	**222125**	**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) :	**30716880**	**287120**	**31004000**	**100.00**	**30781875**	**222125**	**31004000**	**100.00**	

i) Shareholding of Promoters & Changes during the year:

S. No	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
1	K Gautam Chand Jain	14187045	45.76	31/03/2018			14187045	45.76
				31/03/2019			14187045	45.76
2	Vidya Jain	500000	1.61	31/03/2018			500000	1.61
				31/03/2019			500000	1.61
3	Neha Jain	500000	1.61	31/03/2018			500000	1.61
				31/03/2019			500000	1.61
4	Rahul Jain	498500	1.61	31/03/2018			498500	1.61
				31/03/2019			498500	1.61
5	K Prakash Chand Jain	439210	1.42	31/03/2018			439210	1.42
				31/03/2019			439210	1.42
6	Anju Jain	439210	1.42	31/03/2018			439210	1.42
				31/03/2019			439210	1.42
7	K Raaj Kumar Jain	439210	1.42	31/03/2018			439210	1.42
				31/03/2019			439210	1.42
8	K Ashok Chand Jain	439210	1.42	31/03/2018			439210	1.42
				31/03/2019			439210	1.42
9	Megha Jain	125000	0.40	31/03/2018			125000	0.40
				31/03/2019			125000	0.40

(ii) Shareholding of Pattern of top ten shareholders (other than Directors, Promoters and holders of ADR's and GDR's)

S. No	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
							No of Shares	% of total shares of the company
1	Ashish Kacholia	2274714	7.34	31/03/2018			2274714	7.34
				11/05/2018	-50000	Transfer	2224714	7.18
				15/06/2018	-3337	Transfer	2221377	7.16
				22/06/2018	-369986	Transfer	1851391	5.97
				27/07/2018	-25000	Transfer	1826391	5.89
				31/08/2018	-43000	Transfer	1783391	5.75
				25/01/2019	-5000	Transfer	1778391	5.74
				01/02/2019	-101514	Transfer	1676877	5.41
				08/02/2019	-62056	Transfer	1614821	5.21
				08/03/2019	-50010	Transfer	1564811	5.05
				15/03/2019	-9082	Transfer	1555729	5.02
				22/03/2019	-3177	Transfer	1552552	5.01
				29/03/2019	-9840	Transfer	1542712	4.98
				31/03/2019			1542712	4.98
2	HDFC Trustee Co Ltd A/c HDFC Housing Opportunities	1000000	3.23	31/03/2018			1000000	3.23
				11/05/2018	248000	Transfer	1248000	4.03
				22/06/2018	60000	Transfer	1308000	4.22
				31/03/2019			1308000	4.22
3	Gaurav Sanghvi	250000	0.81	31/03/2018			250000	0.81
				31/03/2019			250000	0.81
4	Jigar Lal Chand Shah	239090	0.77	31/03/2018			239090	0.77
				11/05/2018	-188819	Transfer	50271	0.16
				01/06/2018	-22526	Transfer	27745	0.09
				08/06/2018	-27745	Transfer	0	0.00
				31/03/2019			0	0.00

S. No	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
							No of Shares	% of total shares of the company
5	Girish Nilkanth Kulkarni	235880	0.76	31/03/2018			235880	0.76
				31/03/2019			235880	0.76
6	Securities Research and Analysis LLP	0	0.00	31/03/2018			0	0.00
				04/05/2018	199480	Transfer	199480	0.64
				16/11/2018	907	Transfer	200387	0.65
				21/12/2018	520	Transfer	200907	0.65
				08/02/2019	7804	Transfer	208711	0.67
				31/03/2019			208711	0.67
7	Suresh Bhatia	206079	0.66	31/03/2018			206079	0.66
				18/05/2018	-11685	Transfer	194394	0.63
				31/03/2019			194394	0.63
8	Securities Research and analysis Pvt Ltd	199480	0.64	31/03/2018			199480	0.64
				04/05/2018	-199480	Transfer	0	0.00
				31/03/2019			0	0.00
9	Sanjiv Dhireshbhai Shah	184060	0.59	31/03/2018			184060	0.59
				01/06/2018	39357	Transfer	223417	0.72
				01/06/2018	-50000	Transfer	173417	0.56
				15/06/2018	-6783	Transfer	166634	0.54
				22/06/2018	89597	Transfer	256231	0.83
				22/06/2018	-134060	Transfer	122171	0.39
				13/07/2018	-11426	Transfer	110745	0.36
				20/07/2018	-11529	Transfer	99216	0.32
				27/07/2018	-1815	Transfer	97401	0.31
				03/08/2018	-21647	Transfer	75754	0.24
				10/08/2018	-8530	Transfer	67224	0.22
				17/08/2018	-6000	Transfer	61224	0.20
				24/08/2018	-34511	Transfer	26713	0.09
				31/08/2018	-5000	Transfer	21713	0.07
				28/09/2018	-7929	Transfer	13784	0.04
				05/10/2018	815	Transfer	14599	0.05
				12/10/2018	-4526	Transfer	10073	0.03
				19/10/2018	-3057	Transfer	7016	0.02
				26/10/2018	-3000	Transfer	4016	0.01
				16/11/2018	-3000	Transfer	1016	0.00
				04/01/2019	43	Transfer	1059	0.00
				31/03/2019			1059	0.00
10	Airavat Capital Trust	162345	0.52	31/03/2018			162345	0.52
				18/05/2018	4000	Transfer	166345	0.54
				01/06/2018	22500	Transfer	188845	0.61
				22/06/2018	27790	Transfer	216635	0.70
				30/11/2018	20857	Transfer	237492	0.77
				08/03/2019	1923	Transfer	239415	0.77
				15/03/2019	10128	Transfer	249543	0.80
				22/03/2019	9514	Transfer	259057	0.84
				29/03/2019	721	Transfer	259778	0.84
				31/03/2019			259778	0.84
11	Prem Behari Vaid	138530	0.45	31/03/2018			138530	0.45
				06/07/2018	-138530	Transfer	0	0.00
				30/03/2019			0	0.00
12	Anusya Vaid	0	0.00	31/03/2018			0	0.00
				06/07/2018	138530	Transfer	138530	0.45
				31/03/2019			138530	0.45

S. No	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
							No of Shares	% of total shares of the company
13	Integrated Master Securities Pvt. Ltd.	0	0.00	31/03/2018			0	0.00
				22/06/2018	175019	Transfer	175019	0.56
				29/06/2018	25000	Transfer	200019	0.65
				29/06/2018	-16642	Transfer	183377	0.59
				06/07/2018	-9692	Transfer	173685	0.56
				13/07/2018	-29556	Transfer	144129	0.46
				20/07/2018	-578	Transfer	143551	0.46
				27/07/2018	-10085	Transfer	133466	0.43
				03/08/2018	10000	Transfer	143466	0.46
				03/08/2018	-902	Transfer	142564	0.46
				17/08/2018	2957	Transfer	145521	0.47
				24/08/2018	-15663	Transfer	129858	0.42
				31/08/2018	-19054	Transfer	110804	0.36
				07/09/2018	291	Transfer	111095	0.36
				14/09/2018	-50045	Transfer	61050	0.20
				28/09/2018	-4250	Transfer	56800	0.18
				05/10/2018	10000	Transfer	66800	0.22
				05/10/2018	-10000	Transfer	56800	0.18
				12/10/2018	200	Transfer	57000	0.18
				19/10/2018	4800	Transfer	61800	0.20
				26/10/2018	-5000	Transfer	56800	0.18
				16/11/2018	9506	Transfer	66306	0.21
				23/11/2018	-15306	Transfer	51000	0.16
				14/12/2018	-10000	Transfer	41000	0.13
				04/01/2019	3838	Transfer	44838	0.14
				11/01/2019	2062	Transfer	46900	0.15
				18/01/2019	-8400	Transfer	38500	0.12
				25/01/2019	30000	Transfer	68500	0.22
				01/02/2019	43479	Transfer	111979	0.36
				08/02/2019	-300	Transfer	111679	0.36
				15/02/2019	1000	Transfer	112679	0.36
				22/02/2019	-25179	Transfer	87500	0.28
				15/03/2019	50000	Transfer	137500	0.44
				29/03/2019	-10000	Transfer	127500	0.41
				31/03/2019			127500	0.41
14	Abir Investments Pvt Ltd	127285	0.41	31/03/2018			127285	0.41
				31/03/2019			127285	0.41

Note: Details of top ten shareholders as on 31st March, 2018 and 31st March, 2019 are included in the aforementioned table.

(iii) Shareholding of Directors and Key Managerial Personnel;

S. No	Name	Shareholding as on 01-04-2018		Shareholding as on 31-03-2019		Change in percentage of holding
1.	Gautam Chand Jain Chairman & Managing Director	14187045	45.76	14187045	45.76	-
2.	Rahul Jain Managing Director	498500	1.61	498500	1.61	-
3.	Prakash Chand Jain Non – Executive Director	439210	1.42	439210	1.42	-
-.	Meka Yugandhar Independent Director	-	-	-	-	-
5.	Vinayak Rao Juvvadi Independent Director	-	-	-	-	-
6.	Thati Venkataswamy Chowdary Independent Director	-	-	-	-	-
7.	Mahender Chand Independent Director	-	-	-	-	-
8.	Apurva Jain Executive Director	-	-	-	-	-
9.	Viswanatha Reddy Chief Financial Officer	-	-	-	-	-
10	Mahesh Inani Company Secretary	-	-	-	-	-

(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	6510.21	1360.57	-	7870.79
ii) Interest due but not paid	0	135.87	-	135.87
iii) Interest accrued but not paid	23.68	0.00	-	23.68
Total (i+ii+iii)	**6533.89**	**149.44**	**-**	**8030.33**
Change in indebtedness during the financial year				
Addition	127.86	5.00	-	132.86
Reduction	(1830.14)	(872.41)	-	(2702.56)
Net Change	**(1702.29)**	**(867.41)**	**-**	**(2569.70)**
Indebtedness at the end of the financial year				
i) Principal amount	4831.60	629.03	-	5460.63
ii) Interest due but not paid	0.00	103.12	-	103.12
iii) Interest accrued but not paid	15.07	0.00	-	15.07
Total (i+ii+iii)	**4846.67**	**732.15**	**-**	**5578.82**

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	₹125.94 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	1.20	1.00	1.00	1.20	-	4.40
	b) Commission	2.40	2.40	2.40	2.40	-	9.60
	c) Others, if specify						
	Total (1)	**3.60**	**3.40**	**3.40**	**3.60**	**-**	**14.00**
2	Other Non-Executive Directors						
	a) Fee for attending Board or Committee meetings	-	-	-	-	0.80	0.80
	b) Commission	-	-	-	-	2.40	2.40
	c) Others, if specify	-	-	-	-	-	-
	Total (2)					**3.20**	**3.2**
	Total B = (1+2)	**3.60**	**3.40**	**3.40**	**3.60**	**3.20**	**17.20**
Total Managerial Remuneration							**149.20***

* 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	Mahesh Inani, Company Secretary	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	60.13	6.38	66.51
	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)	**60.13**	**6.38**	**66.51**

VII. Penalties/Punishments/Compounding of Offences:

There were no penalties/punishments/compounding of offences under the Companies Act 2013 for the year ended 31st March, 2019.

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. specialized 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: ₹23,51,62,645

5. Prescribed CSR expenditure (i.e. 2% of the average net profits) for F.Y. 2018-19: ₹47,03,253

6. Amount carried forward from previous year: ₹97,18,889

7. Total amount available to be spent as CSR expenditure: ₹1,44,22,142

8. Details of CSR spent during the financial year;

a) Total amount spent during F.Y. 2018-19: ₹57,725

b) Amount unspent, as on 31st March, 2019: ₹1,43,64,417

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

S. 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 (budge) 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.	Wheelchair for differently abled	Healthcare	Ongole, Prakasam District Andhra Pradesh	₹48,400/-	Direct expenditure	₹48,400/-	Direct
2.	Safe Drinking Water	Healthcare and sanitation	Parvathipuram, Vizianagaram District Andhra Pradesh	₹9,325/-	Direct expenditure	₹9,325/-	Direct

For Pokarna Limited

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

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

Date: 27th May, 2019
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 2018-19, are as under:

S. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2018-19 (₹ in Lakhs)	% Increase in Remuneration in the Financial Year 2018-19	Ratio of remuneration of each Director/ to median remuneration of employees
a)	Gautam Chand Jain Chairman & Managing Director	--	Nil	--
b)	Rahul Jain Managing Director	120.00	Nil	107.14
c)	Apurva Jain Executive Director	12.00	Nil	10.71
d)	Prakash Chand Jain Director	3.20	Nil	2.85
e)	Meka Yugandhar Director	3.60	Nil	3.21
f)	Vinayak Rao Juvvadi Director	3.40	Nil	3.04
g)	Thati Venkataswamy Chowdary Director	3.40	Nil	3.04
h)	Mahender Chand Director	3.60	Nil	3.21
i)	Viswantha Reddy Chief Financial Officer	60.13	Nil	Not applicable
j)	Mahesh Inani Company Secretary	6.38	Nil	Not applicable

(ii) The median remuneration of employees of the Company during the financial year was ₹1.12 Lakhs.

(iii) In the financial year, there was a decrease of 37.77% in the median remuneration of employees.

(iv) There were 391 permanent employees on the rolls of Company as on 31st March, 2019.

(v) 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 31ST MARCH, 2019

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 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

3. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 ("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. I, have also examined compliance with the applicable clauses of the following:

a. The Listing Agreement entered into by the Company with stock exchange (BSE & NSE).

b. Secretarial Standards issued by The Institute of Company Secretaries of India in respect of Board and General meetings of the Company,

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

4. I, further report that:

a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and independent directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act

b. Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast 7 days in advance. Thereis 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 andthere were no instances of dissenting members in the Board of Directors.

5. I further report that there exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

6. I, further report that during the audit period, there were no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, regulations, guidelines,standards, etc. referred above

Sd/-
K. V. Chalama Reddy
Practising Company Secratary
F C S : 9268, C.P No: 5451

Place: Hyderabad
Date: 27th May, 2019

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.

Sd/-
K . V . Chalama Reddy
Practising Company Secratary
F C S: 9268, C.P No: 5451

Place: Hyderabad
Date: 27th May, 2019

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 utilization of energy. Regular maintenance and repairs of all the equipment's and machineries are carried out to ensure optimum efficiency. The other energy conservation measures taken are:

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

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

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

Capital investment on energy conservation equipment's:

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

B. Technology absorption:

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

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

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

Foreign Exchange Earnings and Outgo

During the year under review, the total standalone foreign exchange earnings was ₹9800.25 Lakhs and expenditure was ₹419.84 Lakhs.

Corporate Governance Report

Pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations), compliance with the requirements of Corporate Governance is set out below:

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 behaviour 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.

The following is a report on the Corporate Governance.

A. Board of Directors

(a) **Composition and size of the Board:** As on 31st March, 2019, the Board of Directors consists of eight (8) Directors consisting of Chairman & Managing Director, Managing Director, Executive Director (Woman Director) and five (5) Non-executive Directors, out of which four (4) are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the relevant provisions of the Companies Act, 2013. The Independent Directors have been issued formal letter of appointment and the terms and conditions of their appointment have been disclosed on the website of the Company. The Independent Directors have given declarations to the Company about their independence to enable the Board for determining its composition as envisaged in Regulation 17 of the Listing Regulations and further confirming compliance as per Section 149 of the Companies Act, 2013 read with the Rules made thereunder. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. All material information is circulated to the Directors, including minimum information that are required to be made available to the Directors under Part A of Schedule II of the Listing Regulations.

(b) Board Meetings and Attendance: Six (6) Board Meetings were held during the year as against the minimum requirement of four meetings. The dates on which the meetings were held are as follows:

S. No.	Date of Board Meeting	Board Strength	No. of Directors Present
1	04th May, 2018	8	6
2	28th May, 2018	8	7
3	10th August, 2018	8	7
4	10th November, 2018	8	7
5	29th January, 2019	8	8
6	26th March, 2019	8	7

The maximum time gap between any two board meetings was less than 120 days.

(c) Attendance of each Director at the Board Meetings and last Annual General Meeting (AGM), and the number of Directorship, Membership and Chairmanship in Committees of other companies are given below:

Name and Designation of the Director	Category of Directorship	Attendance particulars		No. of other Directorships and Committee Memberships / Chairmanship		
		Board Meetings	Last AGM	Directorships in other public companies as on 31st March, 2019*	Committee** Member	Committee** Chairman
Gautam Chand Jain Chairman & Managing Director	Executive & Promoter	6	Yes	2	-	-
Rahul Jain Managing Director	Executive & Promoter	4	Yes	2	1	-

Name and Designation of the Director	Category of Directorship	Attendance particulars		No. of other Directorships and Committee Memberships / Chairmanship		
		Board Meetings	Last AGM	Directorships in other public companies as on 31st March, 2019*	Committee**	
					Member	Chairman
Apurva Jain Executive Director	Executive & Promoter	5	Yes	2	-	-
Prakash Chand Jain Director	Non-Executive & Promoter	5	Yes	2	-	-
Meka Yugandhar Director	Non-Executive & Independent	6	Yes	5	4	2
Thati Venkataswamy Chowdary Director	Non-Executive & Independent	5	Yes	3	3	1
Vinayak Rao Juvvadi Director	Non-Executive & Independent	5	Yes	2	2	-
Mahender Chand Director	Non-Executive & Independent	6	Yes	2	2	-

* Excludes Directorships in private, foreign and Section 8 companies.

** Represents Memberships of only Audit committee and stake holder committee of Pokarna Limited, other public limited company either listed or unlisted is considered.

(d) Mr. Gautam Chand Jain, Mr. Rahul Jain, Mrs. Apurva Jain and Mr. Prakash Chand Jain are related to each other and none of the other Directors of the Company are, inter-se, related to each other.

(e) Details of Directorship in other Listed entities as on 31st March, 2019:

Name of the director	Name of the Listed Company	Category
Thati Venkataswamy Chowdary	Divya Shakthi Granites Limited	Non-Executive - Independent

(f) The Board composition of your Company encompasses right mix of skill and competencies, namely Directors having experience and expertise in general management, business strategy, corporate strategy, governance practices, etc. All the Directors have the ability to make points succinctly and effectively at Board Meetings.

(g) Independent Directors Meeting

Meeting of the Independent Directors, chaired by Mr. Meka Yugandhar, was held on 26th March, 2019 which was attended by all the Independent Directors. The Independent Directors have evaluated the performance of the Non-Independent Directors, the Board as a whole and the Chairman & Managing Director, Managing Director and the Executive Director of the Company. The Board was briefed on the deliberations made at the Independent Directors Meeting. The details of Familiarisation Program imparted to Independent Directors of the Company are available on website of the Company at http://www.pokarna.com/familiarization-programme-of-independent-directors/

(h) Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of the Committees of the Board, namely, Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Risk Management Committee and CSR Committee. Structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of participation in the meetings and contribution, independence of judgments, safeguarding the interest of the Company and other stakeholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board. During such evaluation, the Director whose performance was evaluated was not present at the meeting. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

B. Audit Committee

(a) Terms of Reference: The terms of reference of the Audit Committee inter alia, includes:

i. Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;

ii. reviewing and examining with management the quarterly and annual financial results before submission to the Board;

iii. recommending the appointment, remuneration and terms of appointment of Statutory Auditors / Internal Auditor of the Company;

iv. 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;

v. reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;

vi. scrutiny of inter-corporate loans and investments made by the Company;

vii. evaluating internal financial controls and risk management systems;

viii. review the functioning of the Whistle-blower Mechanism; and

ix. reviewing the information required as per SEBI Listing Regulation

The Chairman of the Audit Committee apprises the Board of Directors about significant discussions and decisions taken at the Audit Committee meetings.

(b) Composition, Meetings and Attendance: The Audit Committee as at the end of the year 31st March, 2019 consisted of Four (4) Directors of which Four (4) were Independent Directors. Details of attendance of the Members during the year are as follows:

Name	Designation	Category of Directorship	Attendance
Meka Yugandhar	Chairman	Non-Executive Independent	6
Thati Venkataswamy Chowdary	Member	Non-Executive Independent	5
Vinayak Rao Juvvadi	Member	Non-Executive Independent	5
Mahender Chand	Member	Non-Executive Independent	6

Six (6) Audit Committee Meetings were held during the year. The dates on which the meetings were held are 04th May, 2018, 28th May, 2018, 10th August, 2018, 10th November, 2018, 29th January, 2019 and 26th March, 2019. The Company Secretary is the Secretary of the Committee. The Chairman & Managing Director, Managing Director, Executive Director, Chief Financial Officer along with the Statutory Auditor's and Internal Auditor are invitees to the Audit Committee Meetings. Cost Auditors are invited to the meeting as and when required. The Chairman of the Audit Committee, Meka Yugandhar, was present at the Annual General Meeting of the Company held on 14th September, 2018.

C. Nomination and Remuneration Committee

(a) Terms of Reference: The terms of reference of the Nomination and Remuneration Committee inter alia, includes:

i. Devise a policy on the diversity of Board of Directors;

ii. recommend to the Board the appointment or reappointment of directors;

iii. recommend to the Board appointment of Key Managerial Personnel;

iv. 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;

v. recommend to the Board the Remuneration Policy for directors, Key Managerial Personnel;

vi. performing such other duties and responsibilities as may be consistent with the provisions of the committee charter; and

vii. reviewing the information required as per SEBI Listing Regulations.

(b) Composition, Meetings and Attendance: The Nomination and Remuneration Committee as at the end of the year 31st March, 2019 consisted of Four (4) Directors of which Three (3) were Independent Directors. Details of attendance of the Members during the year are as follows:

Name	Designation	Category of Directorship	Attendance
Meka Yugandhar	Member	Non-Executive Independent	5
Thati Venkataswamy Chowdary	Chairman	Non-Executive Independent	4
Mahender Chand	Member	Non-Executive Independent	5
Prakash Chand Jain	Member	Non-Executive director	4

Five (5) Nomination and Remuneration Committee were held during the year. The dates on which the meetings were held are 28th May, 2018, 10th August, 2018, 10th November, 2018, 29th January, 2019 and 26th March, 2019. The Company Secretary is the Secretary of the Committee.

D. Remuneration to Directors:

(a) Remuneration of the Executive Director: The compensation structure of the Executive Director consists of two parts – fixed and variable determined on the basis of individual performance and performance of the Company including its subsidiary. The compensation structure is also reviewed by the Nomination and Remuneration Committee and approved by the Board of Directors and Members of the Company. The Company does not have any Employee Stock Option Scheme.

(ii) Remuneration of the Chairman & Managing Director: Mr. Gautam Chand Jain, Chairman & Managing Director voluntarily decided not to accept any remuneration from the Company during the FY 2018-2019. No sitting fees were paid to Mr. Gautam Chand Jain for attending meetings of the Board during the financial year 2018-19. Mr. Gautam Chand Jain is also the Managing Director of Pokarna Engineered Stone Limited ('PESL'), a material subsidiary of the Company. Mr. Gautam Chand Jain was re-appointed as the Managing Director of PESL for a period of 5 years effective from 07th November, 2016. Mr. Gautam Chand Jain draws remuneration from PESL. The details of remuneration drawn by Mr. Gautam Chand Jain from PESL during FY 2018-2019 is as below:

Amount (₹ in Lakhs)

Salary	120.00
Perquisite	10.98
Commission	350.00
Total	**480.98**

The total amount of remuneration paid by PESL is within the limits prescribed under the Act. There is no separate provision for payment of severance fee under the resolutions governing the appointment of Managing Director.

(ii) Remuneration of the Managing Director and Executive Director: The details of remuneration drawn by Mr. Rahul Jain, Managing Director and Mrs. Apurva Jain, Executive Director during FY 2018-2019 is as below:

Amount (₹ in Lakhs)

Particulars	Rahul Jain	Apurva Jain
Salary	120.00	12.00
Perquisite	-	-
Commission	-	-
Total	**120.00**	**12.00**

No sitting fees were paid to Mr. Rahul Jain and Mrs. Apurva Jain for attending meetings of the Board during the financial year 2018-19.The total amount of remuneration paid by the Company to Mr. Rahul Jain and Mrs. Apurva Jain is within the limits prescribed under the Act and as approved by the shareholders of the Company and the Nomination and Remuneration Committee of the company.

There is no separate provision for payment of severance fee under the respective resolutions governing the appointment of Managing Director and Executive Director.

(iii) Remuneration of the Non-Executive Director:

The Company follows transparent process for determining the remuneration of Non-executive Directors including the independent directors. Their remuneration is governed by the role assumed, number of meetings of the Board and the Committees thereof attended by them, the position held by them as the Chairman and member of the Committees of the Board and their overall contribution as Board members. Besides this, the Board also takes into consideration the individual performance of such Directors and performance of the Company as well as the industry standards in determining the remuneration of the Non-executive Directors. No sitting fee is paid for the Committee meetings.

The details of sitting fees/commission paid/payable to the Directors are given below:

Name of the Director	Board Meeting (₹)	Commission	
		Paid for FY 2017-2018 (₹)	Proposed to be Paid for FY 2018-2019 (₹)
Meka Yugandhar	1.20	3.60	2.40
Thati Venkataswamy Chowdary	1.00	3.60	2.40
Vinayak Rao Juvvadi	1.00	3.60	2.40
Mahender Chand	1.20	3.60	2.40
Prakash Chand Jain	0.80	3.60	2.40

As per the practice followed by the Company, the commission for the financial year 2018-19 will be paid to Non-executive Directors after the financial statements are adopted by the members at the Twenty Eighth Annual General Meeting of the Company. Other than the above, no payments have been made to any of the Independent Directors by the Company.

E. Stakeholder Relationship Committee

(a) Terms of Reference: The terms of reference of the Stakeholders' Relationship Committee inter alia, includes:

i. 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;

ii. consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc; and

iii. reviewing the information required as per SEBI Listing Regulation.

(b) Composition, Meetings and Attendance: The Stakeholders' Relationship Committee as at the end of the year 31st March, 2019 consisted of Three (3) Directors of which Two (2) were Independent Directors. Details of Committee Members are as follows:

Name	Designation	Category of Directorship
Thati Venkataswamy Chowdary	Chairman	Non-Executive Independent
Meka Yugandhar	Member	Non-Executive Independent
Rahul Jain	Member	Managing Director

No meetings of the Stakeholders' Relationship Committee were held during the year. The Company Secretary is the Secretary of the Committee.

(c) Name, designation and address of the Compliance Officer: Mr. Mahesh Inani. Company Secretary, H. No:19-1-915/1/C, Bhadurpura Road, Hyderabad-500064. Phone: 040-27897722. Email ID: Companysecretary@pokarna.com. During the year, the Company has not received any investor complaints. In order to facilitate faster redressal of investors' grievances the Company has created an exclusive email ID igrc@pokarna.com. Investors and shareholders may lodge their query/complaints addressed to this email ID which would be attended immediately.

F. Corporate Social Responsibility Committee

(a) Terms of Reference: The terms of reference of the Corporate Social Responsibility Committee inter alia, includes:

(i) 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;

(ii) recommend the amount of expenditure to be incurred on the activities referred to above; and

(iii) monitor the CSR Policy of the Company from time to time.

(b) Composition, Meetings and Attendance: The Corporate Social Responsibility Committee as at the end of the year 31st March, 2019 consisted of Three (3) Directors of which Two (2) were Independent Directors. Details of attendance of the Members during the year are as follows:

Name	Designation	Category of Directorship	Attendance
Meka Yugandhar	Chairman	Non-Executive Independent	2
Gautam Chand Jain	Member	Chiarman & Managing Director	2
Vinayak Rao Juvvadi	Member	Non-Executive Independent	1

Two (2) Corporate Social Responsibility Committee were held during the year. The dates on which the meetings were held are 28th May, 2018 and 10th August, 2018. The Company Secretary is the Secretary of the Committee. The details of the Corporate Social Responsibility activities of the Company as per the Corporate Social Responsibility Policy are provided as Annexure -II, to the Directors Report.

G. Loan Committee

(a) Terms of Reference: The terms of reference of the Loan Committee inter alia, includes:

(i) approving borrowings by the Company within the limit specified.

Composition, Meetings and Attendance: The Loan Committee as at the end of the year 31st March, 2019 consisted of Three (3) Directors of which One (1) were Independent Directors. Details of attendance of the Members during the year are as follows:

Name	Designation	Category of Directorship	Attendance
Meka Yugandhar	Chairman	Non-Executive Independent	1
Gautam Chand Jain	Member	Executive-Promoter	1
Prakash Chand Jain	Member	Non-Executive Promoter Director	1

one (1) Loan Committee were held during the year. The dates on which the meeting was held is 28th November, 2018. The Company Secretary is the Secretary of the Committee.

H. Subsidiary Company

In terms of Regulation 16(1)(c) of the Listing Regulations, PESL is material subsidiary of the Company as on 31st March, 2019. The Company doesn't have any other subsidiary or associate. The Policy on Material Subsidiary is available on the website of the Company at www.pokarna.com. All the Independent Directors of the Company are also Independent Directors on the Board of PESL as on 31st March, 2019.

The Company's Audit Committee reviews the Consolidated Financial Statements of the Company as well as the Financial Statements of the PESL, including the investments made by PESL. The Minutes of the Board Meetings, along with a report of the significant transactions and arrangements of PESL are placed before the Board of Directors of the Company.

I. General Body Meetings

(a) Date and time of the AGMs, held during the preceding 3 years and the Special Resolution(s) passed thereat are as follows:

Date of AGM	Venue	Time	Whether Special Resolution passed	Summary of Special Resolutions
16th September, 2016	Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India – 500016	10.30 a.m.	Yes	Alteration of Articles of Association of the Company pursuant to Section 14 of the Companies Act, 2013.
18th September, 2017	Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India – 500016	10.30 a.m.	No	Nil
14th September, 2018	Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India – 500016	10.30 a.m.	No	Nil

(b) Postal Ballot: During the year under review, no resolutions were passed through Postal Ballot. At the ensuing Annual General Meeting, there is no item on the Agenda that requires approval through Postal Ballot.

J. Means of Communication:

The quarterly and annual financial results of the Company are uploaded on NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre in accordance with the requirements of Listing Regulations. The financial results are displayed on BSE and NSE websites. The financial results are also published in Business Standard, The Hindu Business Line and Mana Telangana newspapers and posted on the Company's website at www.pokarna.com.The official media releases and presentations made to Institutional Investors/Analysts are submitted to the BSE and NSE.

K. General Shareholders' Information

Pursuant to the Listing Regulations, the general shareholders' information pertaining to the Company, its shareholding pattern, share price movements, top 10 shareholders and such other information as prescribed under the said Regulations is provided herein below:

(i) Twenty-Eighth (28th) Annual General Meeting (AGM):

Date: 14th September, 2019
Time: 10:30 am
Venue: Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India - 500016

(ii) Financial Year of the Company: The Company's financial year begins from 1st April, and ends on 31st March each year. Tentative Calendar for the Financial Year 2019-20:

Results	Period
First quarter ending 30th June, 2019 (Unaudited)	On or before 14th August, 2019
Second quarter and half year ending 30th September, 2019 (Unaudited)	On or before 14th November, 2019
Third quarter and nine months ending 31st December, 2019 (Unaudited)	On or before 14th February, 2020
Fourth quarter and financial year ending 31st March, 2020 (Audited)	On or before 30th May, 2020

(iii) Dividend Payment Date: The final dividend, if declared by the shareholders at the Twenty-Eighth (28th) AGM scheduled on 14th September, 2019 will be paid on and from 14th September, 2019.

(iv) Closure of Register of Members: The Register of Members of the Company shall remain closed from Tuesday, 10th September, 2019 to Saturday, 14th September, 2019 (both the days inclusive) for the purpose of dividend and AGM.

(v) Listing on Stock Exchanges and Stock Code:

BSE Ltd.
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai- 400001
Phones: (022) 22721233/4, 91-22-66545695 Fax: (022) 22721919
Stock Code: 532486

National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
Tel No: (022) 26598100 - 8114Fax No: (022) 26598120
Stock Code: "Pokarna"

Listing fees for the year have been paid to both the above Stock Exchanges.

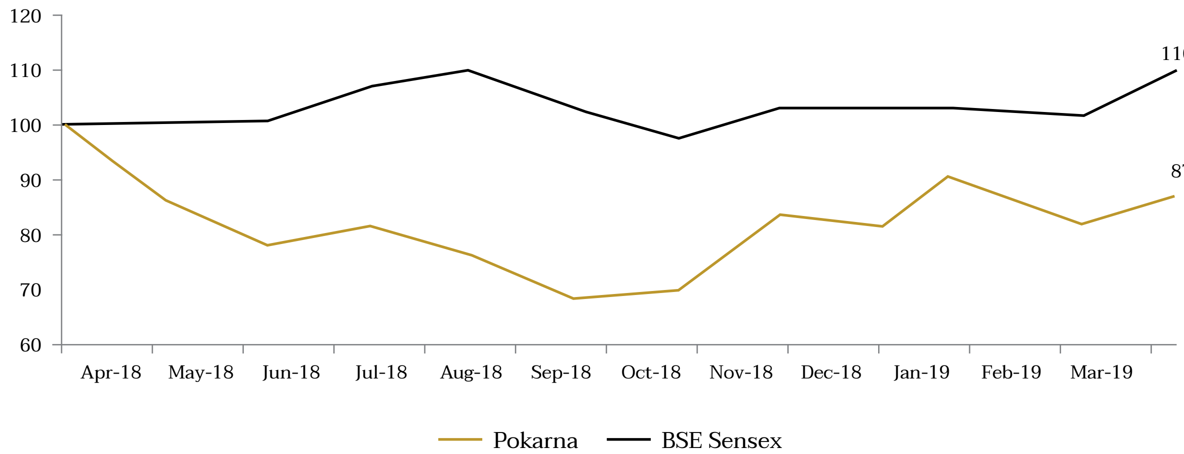
(vi) Market Price Data: High and Low during each month in the financial year 2018-19:

Month	BSE		NSE	
	High	Low	High	Low
Apr-18	201.6	176	201.9	178.6
May-18	195	171	197	170.8
Jun-18	189	148	187.85	146.65
Jul-18	169.9	145.7	165.1	145.25
Aug-18	175	141	164.5	140.2
Sep-18	178.9	132.45	179.7	131.55
Oct-18	161	124.3	149.9	125
Nov-18	185.6	133.8	186	133.65

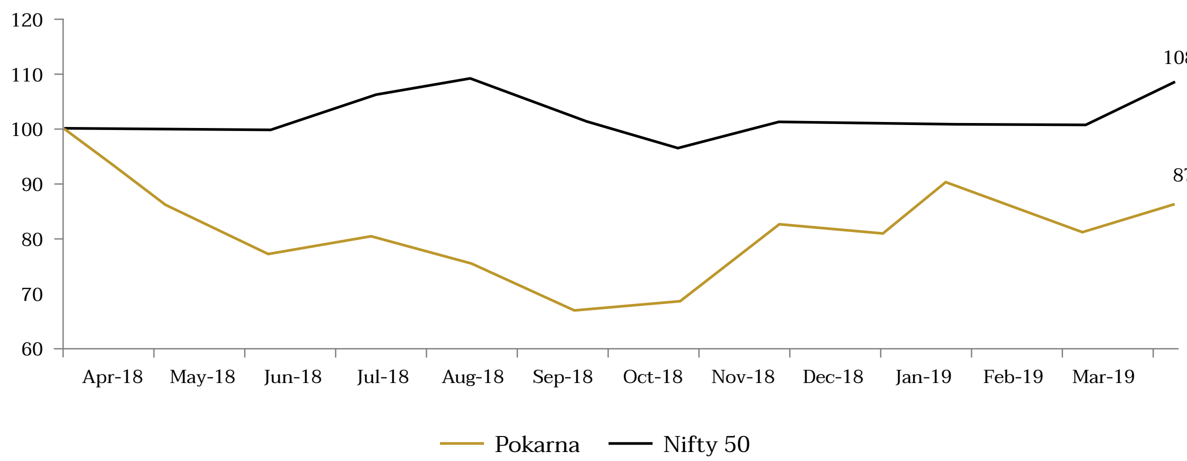
Month	BSE		NSE	
	High	Low	High	Low
Dec-18	169.95	142	168.55	135.1
Jan-19	192.5	150	193.85	153
Feb-19	178.65	152.8	178.15	154.05
Mar-19	175	161.5	175.25	160.2

(vii) Performance of the Company's equity shares (closing share price) in comparison to BSE Sensex and NSE Nifty during the financial year 2018-19:

Pokarna Limited's Share Price at the BSE versus the Sensex for the year 2018-19 is as follows



Pokarna Limited's Share Price at the NSE versus the Nifty for the year 2018-19 is as follows



(viii) Name of the Depository with whom the Company has entered into Agreement:

S. NO.	Depository Name	ISIN Number
1	National Securities Depository Limited	INE637C01025
2	Central Depository Services (India) Limited	INE637C01025

(ix) Registrar and Transfer Agents: Karvy Fintech Private Limited (Karvy) (formerly known as Karvy Computershare Private Limited) is the Company's Registrar and Transfer Agents. Karvy is a SEBI registered Category I – Registrar to an Issue and Share Transfer Agents. For any queries relating to the equity shares of the Company, the shareholders / investors may contact them at the following address:

Karvy Fintech Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad - 500 032.
Tel.No.(040) 6716 1616/1527, Fax No. (040) 2342 0814
E-mail Id: einward.ris@karvy.com

(x) Share Transfer Process: Transfer of shares in physical form is processed by the Company's Registrar and Transfer Agents ("RTA") within fifteen days from the date of lodgement, provided the documents therefor are complete in all respects. All requests for transfer/transmission in physical form after they are processed by the RTA are submitted to the Company for approval. The Company Secretary is authorised by the Board to consider and approve such transfer/ transmission requests. As per Regulation 40 of the Listing Regulations, securities of listed companies can be transferred only in dematerialised form w.e.f. 1st April, 2019. Shareholders who wish to understand the procedure for dematerialisation of shares may contact the Company or its RTA or visit the following link:

NSDL website: https://nsdl.co.in/faqs/faq.php

CDSL website: https://www.cdslindia.com/investors/open-demat.aspx

(xi) Share Transfer Audit: Various requests regarding share transfers/transmission, issue of duplicate share certificate/s etc. related to shares of the Company are received by the Company or its RTA. Half yearly audit is conducted by independent Practicing Company Secretary to ensure that all such requests pertaining to the shares of the Company are processed within the stipulated time period subject to lodgement of all the necessary documents by the shareholder/investor.

(xii) Share Capital Audit: The issued and paid up share capital is reconciled on a quarterly basis with the details of share capital admitted on National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and held in physical form. The quarterly audit of the Company's share capital is carried out by a Practicing Company Secretary with the objective to reconcile the total share capital admitted with NSDL and CDSL and held in physical form, with the total issued and listed capital of the Company. The certificate received from the Practicing Company Secretary is submitted to BSE and NSE and is also placed before the Board of Directors on a quarterly basis.

(xiii) Distribution of Shareholding and Shareholding pattern as on 31st March, 2019:

Distribution of Shareholding as on 31/03/2019 (TOTAL)				
Category (Shares)	**Cases**	**% of Cases**	**Amount**	**% Amount**
1 - 5000	14781	96.26	7779402	12.55
5001 - 10000	294	1.91	2164576	3.49
10001 - 20000	156	1.02	2379138	3.84
20001 - 30000	37	0.24	908660	1.47
30001 - 40000	24	0.16	867160	1.40
40001 - 50000	9	0.06	397214	0.64
50001 - 100000	25	0.16	1821166	2.94
100001 and above	30	0.20	45690684	73.69
Total	**15356**	**100.00**	**62008000**	**100**

(xiv) Dematerialisation of shares and Liquidity: 99.29 % of the shareholding has been dematerialized as on 31st March, 2019.

(xv) Outstanding GDR / ADR / Warrants / Convertible instruments, Conversion Date and likely impact on Equity: The Company has not issued any GDR / ADR / Warrants or any convertible instrument, which is likely to have impact on the Company's Equity.

(xvi) Plant Locations:

Granite Processing Plants:

Unit 1:

Survey No.123,
Tooprantpet Village,
Choutuppal Mandal,
Nalgonda District,
Telangana State.

Unit 2:

Survey No. 563, 568 & 574,
Aliabad Village, Shameerpet Mandal,
R.R. District,
Telangana State.

Granite Mines of the Company are situated at certain locations in the States of Telangana, Andhra Pradesh and Tamilnadu.

Apparel:

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

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

(xvii) Address for correspondence:

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

(xviii) Credit Rating: The Company's long-term credit rating by 'CRISIL' continued to be BBB-/Stable and short-term debt rating at A3. The Company does not have any fixed deposit scheme or proposal involving mobilisation of funds in India or abroad.

L. Other Disclosures:

(a) Policies Determining Material Subsidiaries and Related Party Transactions: Pursuant to requirements of Regulation 16 and Regulation 23 of the Listing Regulations, the Board of Directors of the Company has adopted the policies for determining material subsidiaries and on related party transactions and the said policies are available on the Company's website at www.pokarna.com.

(b) Disclosure on Material Related Party Transactions: There were no materially significant related party transactions entered by the Company during Financial Year 2018-19. Prior omnibus approval of the Audit Committee was obtained for the transactions which are foreseen and are repetitive in nature. A statement of related party transactions is placed before the Audit Committee and Board on quarterly basis. Transactions with the Related Parties as required under Indian Accounting Standard (Ind AS) – 24, Related Party Transactions, are disclosed in Note No. 32 of the financial statements forming part of this Annual Report.

(c) Penalty or Strictures: There have been no instances of material non-compliances by the Company on any matter related to the capital markets, and no penalties and/or strictures have been imposed on it by Stock Exchanges or SEBI or any statutory authority during the last three financial years.

(d) Code of Conduct for Prevention of Insider Trading: The Board of Directors of the Company has adopted the code of conduct for prevention of insider trading with a view to regulate trading in securities by the Directors and employees of the Company. The Company has appointed the Company Secretary as the Compliance Officer to ensure compliance of the said Code by all the Directors and employees likely to have access to unpublished price sensitive information.

(e) Vigil Mechanism/Whistle Blower Policy: The Company has established Vigil Mechanism/Whistle Blower Policy for the directors and employees to report their genuine concerns about any unethical behaviour, financial irregularities including fraud or suspected fraud. The vigil mechanism provides adequate safeguards against victimisation of employees and directors who avail the vigil mechanism. The Company affirms that no personnel have been denied access to the Audit Committee. The Policy provides that no adverse action shall be taken or recommended against a director or an employee in retaliation to his/her disclosure in good faith of any unethical and improper practices or alleged wrongful conduct. This mechanism protects such directors and employees from any unfair or prejudicial treatment by anyone within the Company.

(f) Commodity price risk or foreign exchange risk and hedging activities: The Company does not deal with any commodity and hence not exposed to any commodity price risk. Management Discussion and Analysis sets out the risks identified and the mitigation plans thereof. As on 31st March, 2019, the Company has foreign exchange receivable of ₹9800.25 Lakhs and the foreign exchange payable as on 31st March, 2019 is ₹419.84 Lakhs.

(g) **Proceeds from public issues, rights issues, preferential issues:** During the year, the Company did not raise any funds by way of public issues, rights issues, preferential issues etc.

(h) **Company Secretary in Practice Certification:** In accordance with the Listing Regulations, the Company has obtained the certificate from a practising company secretary confirming that as on 31st March, 2019, none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such authority and the same is appended to this Report.

(i) **Recommendations of the Committees:** During the year under review, the Board has accepted the recommendations, which are required to be made by the Committees constituted.

(j) **Total Fees Paid to Statutory Auditors:** Total fees for all services paid by Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors and all entities in the network firm / network entity of which the Statutory Auditors are is ₹19.28 Lakhs.

(k) **Disclosures related to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:** The Company has not received any complaints relating to sexual harassment of women during the financial year 2018-19. No complaints were pending as at end of the financial year.

(l) **Disclosure with respect to Demat suspense account/ unclaimed suspense account:** The Company does not have any equity shares lying in the Demat suspense account/ unclaimed suspense account of the Company as on 31st March, 2019. Hence disclosures required under Part F of Schedule V of the Listing Regulations.

(m) **Certifications:**

i. The Chairman & Managing Director (CMD) and the Chief Financial Officer (CFO) have certified to the Board in accordance with Regulation 33(2)(a) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended 31st March 2019. The CMD and Chief Financial Officer have also issued compliance certificate to the Board pursuant to the provisions of Regulation 17(8) of the Listing Regulations certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs.

ii. A certificate from the Statutory Auditors confirming compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations forms part of this Annual Report.

M. Compliance with Mandatory/Non-Mandatory Requirements:

The Company has complied with all the mandatory requirements of corporate governance specified in Listing Regulations. The Board has taken cognizance of the discretionary requirements as specified in Part E of Schedule II to the Listing Regulations and are being reviewed from time to time.

Declaration:

I confirm that the Company has obtained the confirmation from all its Directors and Senior Management Personnel that they have complied with the provisions of the Code of Conduct for the financial year 2018-19.

Sd/-

Date: 27th May, 2019
Place: Secunderabad

Gautam Chand Jain
Chairman & Managing Director

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. 2018-19 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 are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls over financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation internal controls of which we are aware and also the steps were taken by the Company, to rectify such deficiencies.

D. We have indicated to the auditors and the Audit committee that were:

   1) No significant changes in internal control over financial reporting during the year;

   2) No significant changes in accounting policies during the year; and

   3) 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
Chairman & Managing Director
DIN: 00004775

Sd/-
M. Viswanatha Reddy
Chief Financial officer

Date: 27th May, 2019
Place: Secunderabad

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS'

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, .K.V.Chalama Reddy, Practicing Company Secretary have examined the Company and Registrar of Companies records, books and papers of Pokarna Limited (CIN: L14102TG1991PLC013299) having its Registered Office at 105,Surya Towers, S.P Road-500003 Telangana State, India (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on 31st March, 2019.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations and representation furnished to me by the Company, its officers and agents, I certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on 31st March, 2019:

List of Directors of the Company as on 31st March, 2019:

S. No.	DIN	Name of the director	Designation
1.	00004775	Gautam Chand Jain	Chairman & Managing Director
2.	00576447	Rahul Jain	Managing Director
3.	00084490	Prakash Chand Jain	Non-Executive director
4.	06933924	Apurva Jain	Executive Director
5.	00012265	Meka Yugandhar	Non-executive Independent director
6.	00010435	Thati Venkataswamy Chowdary	Non-executive Independent director
7.	00229415	Vinayak Rao Juvvadi	Non-executive Independent director
8.	0008449	Mahender Chand	Non-executive Independent director

Sd/-
K.V Chalama Reddy
Practising Company Secretary
M.NO:F9268
CP.NO:5451

Date: 27th May, 2019
Place: Hyderabad

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of **Pokarna Limited**.
Secunderabad.

1. The Corporate Governance Report prepared by Pokarna Limited ("the Company"), contains details as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2019. This certificate is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors is also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the condition of Corporate Governance, as stipulated in the Listing Regulation.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedure includes but not limited to verification of secretarial records and financial information of the Company and obtained necessary representations and declarations from directors including independent directors of the Company.

8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us as referred in paragraph 7 and 8 above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2019, referred to in paragraph 1 above.

Other Matters And Restriction On Use

10. This Certificate 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.

11. This Certificate is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

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

Sd/-
(Manoj Kumar Bihani)
Partner
Membership No. 234629

Date: 27th May, 2019
Place: Secunderabad

Financial Statements

Santorini Slab - Quantra Quartz Surface

Independent Auditors' Report

To
The Members of
Pokarna Limited

Report on the Audit of the Standalone financial statements

Opinion

We have audited accompanying standalone financial statements of Pokarna Limited ('the Company'), which comprise of the Balance Sheet as at March 31, 2019, the statement of Profit and Loss (including other comprehensive income), Statement of changes in Equity and Statement of Cash flows for the year ended on that date, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereafter referred to as "the audited standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by The Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian accounting standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independent requirement that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sl. No.	Key Audit Matter	Auditors Response
1	**Evaluation of disputed direct and indirect tax demands:** The Company has material disputed uncertain tax demands of direct and indirect taxes which are matter under dispute which involves significant judgement to determine the possible outcome of their disputes. Refer Note No. 33 of the financial statements.	**Principal Audit Procedures :** Obtained details of pending and completed tax assessments and demands status from the management which are pending as on 31st March 2019. We have reviewed the management's assumptions in estimating the tax provision and possible outcome of the disputed statutory dues. We have additionally assessed for the opening balances of disputed statutory dues, whether a change was required to management's view for the year ended march 31, 2019. We have involved our internal experts and considered legal case laws and other rulings in evaluating management's position on these uncertain tax positions.

Information other than financial statements and Auditor's report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises of the information included in the Management discussion and analysis, Boards report including Annexure to Boards Report, Corporate Governance and Shareholders information, but does not include the financial statements and our auditor's report thereon. Our opinion on financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statement or other information obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone financial statements

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. 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 Statement of change in Equity, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

g) 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".

h) 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, 2019.

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

(Manoj Kumar Bihani)
Partner
Membership No. 234629

Place: Hyderabad
Date: 27th May, 2019

Annexure - A to the Independent Auditors' Report

Referred to in Report on Other Legal and Regulatory Requirements 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, 2019

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, 2019 (March 31,2018) (in lakhs)	Net Block as at March 31,2019 (March 31, 2018) (in lakhs)	Remarks
Freehold land to the extent of 42.92 acres (py. 41.94 acres) at various locations	92.10 (44.22)	92.10 (44.22)	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 and provided corporate guarantee during the year to the lenders to its subsidiary, Pokarna Engineered Stone Limited to avail the credit facilities. In our opinion, the security and guarantee provided by the company are in compliance with the provisions of Section 186 of the Companies Act, 2013. Further as per information and explanation given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act in respect of loans, making investments etc., as applicable.

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 for a period of more than six months from the date they became payable as at 31st March, 2019.

(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, 2019 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	247.50 (205.42)	2007-2017	Customs, Excise & Service Tax appellate tribunal and Superintendent of Service Tax	5.57 (5.57)
2	Central Excise Act,1944	Excise Duty	148.89 (148.84)	2007-16	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	140.86 (204.22)	2000-01 to 2002-03 & 2005-06.	High Court of Andhra Pradesh & Commissioner of Income Tax	Nil
5	AP Vat Act, 2005 & Central Sales Tax Act,1956	VAT & CST	79.26 (14.40)	2011-12, 2013-14, 2014-15 & 2016-17	Deputy Commissioner of Commercial Taxes	10.55 (Nil)
	Total		**692.42 (648.79)**			**16.12 (5.57)**

(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: 27th May, 2019

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 31st March 2019 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, 2019, 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: 27th May, 2019

Standalone Balance Sheet

(₹ in Lakhs)

	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	10003.20	11150.39
(b) Capital work-in-progress		218.68	156.36
(c) Intangible assets	3	57.32	192.26
(d) Financial assets			
(i) Investments	4	6115.88	6115.88
(ii) Loans	5(A)	466.65	464.50
(iii) Other financial assets	6(A)	3.48	191.95
(e) Other non-current assets	7(A)	43.36	35.78
Total non-current assets		**16908.57**	**18307.12**
II Current assets			
(a) Inventories	8	2912.07	2932.44
(b) Financial assets			
(i) Trade receivables	9	1301.56	2243.31
(ii) Cash and cash equivalents	10	215.26	245.18
(iii) Bank balances other than (ii) above	11	343.16	386.34
(iv) Loans	5(B)	195.56	211.69
(v) Other financial assets	6(B)	5.14	13.20
(c) Current tax assets	12	5.30	5.30
(d) Other current assets	7(B)	531.94	462.33
Total current assets		**5509.99**	**6499.79**
Total Assets		**22418.56**	**24806.91**
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	13	620.08	620.08
(b) Other equity	14	13228.05	12712.08
Total equity		**13848.13**	**13332.16**
Liabilities			
II Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15(A)	2156.82	4148.11
(b) Provisions	17(A)	264.05	254.61
(c) Deferred tax liabilities (net)	18	568.46	748.86
Total non-current liabilities		**2989.33**	**5151.58**
III Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15(B)	2057.67	2537.28
(ii) Trade payables	20		
a) total outstanding dues of micro enterprises and small enterprises		10.10	26.55
b) total outstanding dues of creditors other than micro enterprises and small enterprises		735.08	978.32
(iii) Other financial liabilities	16	1374.26	1354.74
(b) Other current liabilities	19	1298.18	1301.38
(c) Provisions	17(B)	17.64	20.38
(d) Current tax liabilities (net)	21	88.17	104.52
Total current liabilities		**5581.10**	**6323.17**
Total Equity and Liabilities		**22418.56**	**24806.91**
Notes forming part of the financial statements	1 - 44		

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 : 27th May, 2019

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)

Mahesh Inani
Company Secretary

Standalone Statement of Profit and Loss

(₹ in Lakhs)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
Income			
I Revenue from operations	22	14631.21	15604.49
II Other income	23	136.41	231.60
III Total income		**14767.62**	**15836.09**
IV Expenses:			
a) Cost of raw material consumed	24	1605.28	1782.13
b) Purchase of stock-in-trade		226.07	125.78
c) Changes in stock of finished goods, work-in-progress and stock-in-trade	25	346.02	96.77
d) Excise duty		-	86.77
e) Employee benefits expense	26	2377.37	2493.55
f) Depreciation and amortization expense	27	1470.76	982.39
g) Finance costs	28	583.48	816.14
h) Other expenses	29	7159.01	7719.35
Total expenses		**13767.99**	**14102.88**
V Profit before tax (III-IV)		**999.63**	**1733.21**
VI Tax expense:			
a) Current tax	30	503.50	542.16
b) Deferred tax		(191.66)	(42.74)
Total tax expense		**311.84**	**499.42**
VII Profit after tax (V-VI)		**687.79**	**1233.79**
VIII Other comprehensive income			
(i) Items that will not be reclassified to profit or loss		63.69	69.71
(ii) Income tax relating to items that will not be reclassified to profit or loss		(11.25)	(24.13)
Total other comprehensive income/(loss) (B)		**52.44**	**45.58**
IX Total comprehensive income for the year (VII+VIII)		740.23	1279.37
X Earnings per share - Basic and Diluted (in ₹)		2.22	3.98
XI Nominal Value of share (in ₹)		2.00	2.00
Notes forming part of the financial statements	1 - 44		

In terms of our report attached

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

Manoj Kumar Bihani
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M Viswanatha Reddy
Chief Financial Officer

Mahesh Inani
Company Secretary

Standalone Statement of Changes in Equity

A) Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Equity shares		
Balance at the beginning of the year	620.08	620.08
Changes during the year	-	-
Balance at the end of the year	**620.08**	**620.08**

B) Other Equity

(₹ in Lakhs)

Particulars	General Reserve	Retained earnings	Securities Premium	Other Comprehensive Income	Total Equity
Balance as at 01st April, 2018	**980.36**	**11570.89**	**73.96**	**86.87**	**12712.08**
Profit for the year		687.79			687.79
Movement in OCI (Net) during the year				52.44	52.44
Dividend		(186.02)			(186.02)
Tax on dividend		(38.24)			(38.24)
Balance as at 31st March, 2019	**980.36**	**12034.42**	**73.96**	**139.31**	**13228.05**

(₹ in Lakhs)

Particulars	General Reserve	Retained earnings	Securities Premium	Other Comprehensive Income	Total Equity
Balance as at 01st April, 2017	**980.36**	**10561.00**	**73.96**	**41.29**	**11656.61**
Profit for the year		1233.79			1233.79
Movement in OCI (Net) during the year				45.58	45.58
Dividend		(186.02)			(186.02)
Tax on dividend		(37.88)			(37.88)
Balance as at 31st March, 2018	**980.36**	**11570.89**	**73.96**	**86.87**	**12712.08**

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 : 27th May, 2019

For and on behalf of Board of Directors

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Executive Director
(D.No: 06933924)

Mahesh Inani
Company Secretary

Standalone Statement of Cash Flow

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
(A) Cash flows from operating activities		
Profit before taxes	999.63	1733.21
Adjustments:		
Depreciation and amortization expense	1470.76	982.39
Loss/(profit) on sale of property, plant & equipment	28.63	118.44
Unrealized foreign exchange (gain)/loss, net	132.17	(83.13)
Provision for doubtful debts	-	18.09
Finance costs	583.48	816.14
Interest income	(31.80)	(34.48)
Re-measurement Gain/losses on employee defined benefit plans	63.69	69.71
Operating profit before working capital changes	**3246.56**	**3620.37**
Changes in working capital and other provisions:		
Trade receivables	927.07	(184.90)
Inventories	20.38	420.20
Loans and advances and other assets	188.66	114.96
Other Liabilities and provisions	(232.42)	(345.21)
Cash generated from operations	**4150.25**	**3625.42**
Income taxes paid, net	(519.85)	(872.17)
Net cash from/(used in) operating activities	**3630.40**	**2753.25**
(B) Cash flows from investing activities		
Purchase of property, plant and equipment and changes in CWIP	(300.57)	(1133.11)
Proceeds from sale of property, plant and equipment	20.98	24.12
Interest income	31.80	34.48
Net cash from /(used in) investing activities	**(247.79)**	**(1074.51)**
(C) Cash flows from financing activities		
Bank borrowings	(1353.86)	75.78
Other borrowings	(901.40)	(150.38)
Interest expense	(583.48)	(816.14)
Dividend paid	(224.26)	(223.90)
Net cash generated in financing activities	**(3063.00)**	**(1114.64)**
Net increase/(decrease) in cash and cash equivalents	**319.61**	**564.10**
Add: cash and cash equivalents at the beginning of the year	(729.74)	(1374.07)
Effect of exchange gain on cash and cash equivalents	85.42	80.23
Cash and cash equivalents at the end of the year (refer Note 10.1)	**(324.71)**	**(729.74)**

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 : 27th May, 2019

For and on behalf of Board of Directors

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

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Chief Financial Officer

Meka Yugandhar
Director
(D.No: 00012265)

Apurva Jain
Executive Director
(D.No: 06933924)

Mahesh Inani
Company Secretary

Notes to Standalone Financial Statements

1. 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 31st March, 2019 are approved for issue by the Company's Board of Directors on 27th May, 2019.

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, 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") as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. 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 and financial liabilities 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

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

Notes to Standalone Financial Statements

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.

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: (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

Notes to Standalone Financial Statements

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.

H Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value 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.

Notes to Standalone Financial Statements

(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 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 expired.

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.

Notes to Standalone Financial Statements

(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

Notes to Standalone Financial Statements

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

Effective from 01st April, 2018, the Company has adopted and opted Ind AS 20 policy for 'Accounting for Government Grants and Disclosure of Government Assistance' from 'Deferred Income recognised in Statement of Profit and Loss on a systematic basis over the useful life of the assets' to 'Option of deducting the same from carrying value'.

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. 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

Notes to Standalone Financial Statements

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 recognition is based on the terms and conditions as per the contracts entered into / understanding with the customers. All revenues from services, as rendered, are recognised when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives, discounts based on the terms of the contract and applicable indirect taxes. When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable that is considered a separate unit of account is accounted for separately. The allocation of the consideration from revenue arrangement to its separate units of account is based on the relative fair value of each unit.

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 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.

Notes to Standalone Financial Statements

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 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has applied as they are effective for annual periods beginning on or after 1st April, 2018:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The Effect of Changes in Foreign Exchange Rates

(i) **Ind AS 115 –** Revenue from Contracts with Customers Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 - Revenue, Ind AS 11 - Construction Contracts when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise 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. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

(ii) **Ind AS 21 –** The Effect of Changes in Foreign Exchange Rates. The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

(iii) MCA has amended Companies (Indian Accounting Standard) Rules, 2015 on 20th September, 2018, by virtue of these amendments to Ind AS 20 - Government Grants - Option has been given to the companies to present the Government grant related to assets by deducting the grant from the carrying amount of the asset, prior to the amendment, Ind AS 20 requires the Government

Notes to Standalone Financial Statements

grant related to assets shall be presented by setting up the grant as deferred income and the said amendment is effective from 1st April, 2018. Consequent to the amendment, management has decided to exercise the option of presenting the Government grant by deducting it from the carrying amount of the asset. The effect was shown as Ind-As adjustment/reclassification in note no.3.

Recent accounting pronouncements

Ind AS 116 Leases : On 30th March, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1st April, 2019. The standard permits two possible methods of transition:

- **Full retrospective** - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

- **Modified retrospective** - Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (1st April, 2019). Accordingly, comparatives for the year ended 31st March, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The company is in the process of evaluation the impact on the financials.

Amendment to Ind AS 19 - plan amendment, curtailment or settlement - On 30th March, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after 1st April, 2019. The Company does not expect any impact on account of this amendment.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On 30th March, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax

Notes to Standalone Financial Statements

authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition - i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1st April, 2019. The Company will adopt the standard on 1st April, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1st April, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

Amendment to Ind AS 12 - Income taxes: On 30th March, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after 1st April, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

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 1st April, 2017	643.32	58.07	3356.93	15716.32	849.45	664.90	416.61	**21705.60**	382.80	97.87	**480.67**
Additions	30.57	-	114.51	707.83	81.63	91.03	17.95	**1043.52**	-	212.47	**212.47**
Disposals/ transfer	-	-	-	(625.26)	(56.20)	(45.15)	(0.07)	**(726.68)**	-	(113.77)	**(113.77)**
Ind-AS Adjustment / reclassification	-	-	-	(25.18)	-	-	-	**(25.18)**	-	-	**-**
Balance as at 31st March, 2018	**673.89**	**58.07**	**3471.44**	**15773.71**	**874.88**	**710.78**	**434.49**	**21997.26**	**382.80**	**196.57**	**579.37**
Balance as at 1st April, 2018	673.89	58.07	3471.44	15773.71	874.88	710.78	434.49	**21997.26**	382.80	196.57	**579.37**
Additions	-	-	4.72	105.33	76.21	31.81	9.94	**228.01**	-	10.24	**10.24**
Disposals/ transfer	-	-	-	(198.58)	(70.55)	(41.15)	(9.33)	**(319.61)**	-	(140.86)	**(140.86)**
Balance as at 31st March, 2019	**673.89**	**58.07**	**3476.16**	**15680.46**	**880.54**	**701.44**	**435.10**	**21905.66**	**382.80**	**65.95**	**448.75**
2. Accumulated Depreciation											
Balance as at 1st 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	1.46	36.55	**865.16**	-	118.08	**118.08**
Disposals	-	-	-	(505.02)	(50.37)	(28.69)	(0.07)	**(584.15)**	-	(113.77)	**(113.77)**
Ind-AS Adjustment / reclassification	-	-	-	(0.85)	-	-	-	**(0.85)**	-	-	**-**
Balance as at 31st March, 2018	**-**	**37.20**	**1160.61**	**8411.38**	**470.93**	**437.23**	**329.52**	**10846.87**	**382.80**	**4.31**	**387.11**
Balance as at 1st April, 2018	-	37.20	1160.61	8411.38	470.93	437.23	329.52	**10846.87**	382.80	4.31	**387.11**
Depreciation/ amortisation for the year	-	2.03	163.21	958.60	79.13	85.75	40.42	**1329.14**	-	141.62	**141.62**
Disposals	-	-	-	(178.28)	(60.63)	(26.90)	(7.74)	**(273.55)**	-	(137.30)	**(137.30)**
Balance as at 31st March, 2019	**-**	**39.23**	**1323.82**	**9191.70**	**489.43**	**496.08**	**362.20**	**11902.46**	**382.80**	**8.63**	**391.43**
3. Carrying Amount (Net)											
At 31st March, 2018	673.89	20.87	2310.83	7362.33	403.95	273.55	104.97	**11150.39**	-	192.26	**192.26**
At 31st March, 2019	**673.89**	**18.84**	**2152.34**	**6488.76**	**391.11**	**205.36**	**72.90**	**10003.20**	**-**	**57.32**	**57.32**

3.1) Capital work-in-progress ₹218.68 Lakhs (previous year ₹156.36 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 ₹92.10 Lakhs (previous year ₹44.22 Lakhs) admeasuring 42.92 acres (previous year 41.94 acres) for which title/conveyance deeds are pending for execution in favour of company.

3.6) MCA has amended Companies (Indian Accounting Standard) Rules, 2015 on 20th September, 2018, by virtue of these amendments to Ind AS 20 - Government Grants - Option has been given to the companies to present the Government grant related to assets by deducting the grant from the carrying amount of the asset, prior to the amendment, Ind AS 20 requires the Government grant related to assets shall be presented by setting up the grant as deferred income and the said amendment is effective from 1st April, 2018. For the year ending 31st March, 2018, company had recognised the Government grant as deferred income in its financial statements in line with the Ind AS 20 applicable at that time. Consequent to the amendment, management has decided to exercise the option of presenting the Government grant by deducting it from the carrying amount of the asset. The effect was shown as Ind-As adjustment/ reclassification in above schedule.

Notes to Standalone Financial Statements

4. Investments

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade - unquoted		
Non-current - at cost		
In subsidiary companies -		
Equity shares:		
41,70,584 (previous year 41,70,584) Equity shares of ₹10/-each fully paid-up of Pokarna Engineered Stone Limited	6115.88	6115.88
Total	**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)

Particulars	As at March 31, 2019	As at March 31, 2018
Loan receivables considered good -unsecured		
Security deposit	335.80	331.50
Other loans	130.85	133.00
Total	**466.65**	**464.50**

5.1 Security deposit includes ₹83.90 Lakhs (previous year ₹83.90 Lakhs) pledged to mines & geology and other departments.

B. Current loans

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Loan receivables considered good -unsecured		
Other loans	194.85	211.18
Loans to employees	0.71	0.51
Total	**195.56**	**211.69**

6. Other financial assets

A. Non-current financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Deposits with maturity for more than 12 months margin money given against a bank guarantee/letter of credit	3.34	191.90
Interest accrued on fixed deposits	0.14	0.05
Total	**3.48**	**191.95**

Notes to Standalone Financial Statements

6. Other financial assets (Contd..)

B. Current financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Interest accrued on fixed deposits	5.14	13.20
Total	**5.14**	**13.20**

7. Other assets

A. Non-current assets

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Capital advances	11.77	3.45
Defer lease rentals	31.59	32.33
Total	**43.36**	**35.78**

B. Current assets

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Indirect taxes receivable	176.47	181.85
Advance to suppliers	267.63	174.60
Prepaid expenses	87.84	105.88
Total	**531.94**	**462.33**

8. Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials	714.16	415.27
Work-in-progress	131.39	99.55
Finished goods	1537.43	1904.21
Traded goods	39.43	50.50
Consumables, stores & spares	459.67	435.60
Packing material	29.99	27.31
Total	**2912.07**	**2932.44**

Details of materials in transit included in inventories above

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials	2.38	8.90
Consumables, stores & spares	13.86	5.55

Notes to Standalone Financial Statements

9. Trade receivables

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables considered good-secured	-	-
Trade receivables considered good-unsecured	1301.56	2243.31
Trade receivables which have significant increase in credit risk; and	153.85	153.85
Trade receivables-credit impaired	-	-
Less: Provision for Trade receivables	153.85	153.85
Total	**1301.56**	**2243.31**

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

10. Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash in hand	3.31	4.29
Balances with banks:		
On current accounts	211.95	229.39
Margin money given against a bank guarantee/letter of credit- with maturity less than three months	-	11.50
Total	**215.26**	**245.18**

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

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	215.26	245.18
Less: Cash credit [refer note. 15(B)]	(539.97)	(974.92)
Total	**(324.71)**	**(729.74)**

11. Other bank balances

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Margin money given against a bank guarantee/letter of credit with maturity for more than 3 months but less than 12 months	333.23	376.54
In unpaid dividend account	9.93	9.80
Total	**343.16**	**386.34**

12. Current tax assets

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Tax refundable	5.30	5.30
Total	**5.30**	**5.30**

Notes to Standalone Financial Statements

13. Share capital

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorized:		
10,00,00,000 (previous year 10,00,00,000) equity shares of ₹2/- each (₹2/-) par value	2000.00	2000.00
Issued, subscribed and fully paid-up:		
3,10,04,000 (previous year 3,10,04,000) equity shares of ₹2/- each (₹2/-) fully paid-up	620.08	620.08
Total	**620.08**	**620.08**

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

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

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹2 /- each fully paid				
Gautam Chand Jain	14187045	45.76	14187045	45.76
Ashish Kacholia	-	-	2274714	7.34

14. Other equity

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Securities Premium	73.96	73.96
General reserve	980.36	980.36
Net surplus in the statement of Profit and Loss		
Opening balance	11570.89	10561.00
Add: Profit for the year	687.79	1233.78
	12258.68	**11794.78**
Less: Dividend paid	186.02	186.02
Tax on dividend	38.24	37.87
	12034.42	**11570.89**
Other comprehensive income		
Opening balance	86.87	41.29
Movement in OCI (net) during the year	52.44	45.58
	139.31	**86.87**
Total	**13228.05**	**12712.08**

Notes to Standalone Financial Statements

15. Borrowings

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured loans		
Term loans		
External commercial borrowing from banks	-	765.96
Foreign currency loans from banks	1345.32	1638.58
Finance lease obligations		
Banks	61.24	141.69
Others	18.11	105.44
Unsecured loans		
Loans & advances from related parties		
Loans from directors	732.15	1496.44
Total	**2156.82**	**4148.11**

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured loans		
Loans repayable on demand		
From banks - working capital loan		
Cash Credit Facilities	539.97	974.92
Packing Credit Loans	1127.40	850.32
Bill Discounting	390.30	712.04
Total	**2057.67**	**2537.28**

15.1 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 and personal properties of some of the directors and guarantees of the directors (other than independent directors).

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

	2019-20	2020-21	2021-22	2022-23	2023-24
External commercial borrowings					
Rate of interest					
Six months Libor plus 350 bps	814.49	-	-	-	-
Foreign currency term loans					
Rate of interest					
Libor plus 500 bps	336.33	336.33	336.33	336.33	336.33

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

15. Borrowings (Contd..)

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, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Due within one year	213.76	261.21	198.44	227.46
Due one to five years	85.15	259.48	79.35	247.13
Total	**298.91**	**520.69**	**277.79**	**474.59**
Less: Future finance charges	21.12	46.10		
Present value of minimum lease payable	277.79	474.59	277.79	474.59

16. Other current financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of long term borrowings:		
From banks-secured (refer note no.15.1)	1150.82	1093.80
Finance lease obligations (refer note no.15.3)		
Banks	86.67	94.42
Others	111.77	133.04
Interest accrued but not due on borrowings	15.07	23.68
Unpaid dividend	9.93	9.80
Total	**1374.26**	**1354.74**

17. Provisions

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
For employee benefits		
Gratuity (refer note. 26(1a))	192.09	178.74
Compensated absence (refer note. 26(1b))	44.88	50.33
Others		
Restoration liability	27.08	25.54
Total	**264.05**	**254.61**

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
For employee benefits		
Gratuity (refer note. 26(1a))	15.28	16.92
Compensated absence (refer note. 26(1b))	2.36	3.46
Total	**17.64**	**20.38**

Notes to Standalone Financial Statements

18. Deferred tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax liabilities		
Property, plant & equipment	722.79	886.31
	722.79	**886.31**
Deferred tax asset		
Receivables	44.80	44.80
Provisions	109.53	92.65
	154.33	**137.45**
Total	**568.46**	**748.86**

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
At the start of the year	748.86	767.48
Charge/ (Credit) to statement of P&L	(180.40)	(18.62)
At the end of the year	**568.46**	**748.86**

Component of deferred tax liabilities/(asset)

(₹ in Lakhs)

Deferred tax liabilities/(asset) in relation to:	As at March 31, 2018	Charge/(credit) to profit or loss	As at March 31, 2019
Property, plant and equipment	886.31	(163.52)	722.79
Provisions	(92.65)	(16.88)	(109.53)
Receivables	(44.80)	-	(44.80)
Total	**748.86**	**(180.40)**	**568.46**

19. Other liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Advance received from customers	803.30	579.39
Creditors for capital expenditure	32.84	123.31
Statutory liabilities	64.48	101.28
Other liabilities	397.56	497.40
Total	**1298.18**	**1301.38**

20. Trade payables

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
a) total outstanding dues of micro enterprises and small enterprises	10.10	26.55
b) total outstanding dues of creditors other than micro enterprises and small enterprises	735.08	978.32
Total	**745.18**	**1004.87**

Notes to Standalone Financial Statements

20. Trade payables (Contd..)

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, 2019	As at March 31, 2018
a)	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end	5.36	20.90
b)	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	1.72	5.66
c)	Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	36.66	76.17
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	1.65	2.06
f)	Interest accrued and remaining unpaid at the end of accounting year	1.72	3.39
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)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for income tax	495.26	505.47
Less: Advance tax	407.09	400.95
Total	**88.17**	**104.52**

22. Revenue from operations

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products	14570.57	15583.09
Sale of services	60.64	21.40
Total	**14631.21**	**15604.49**

22.1 Post the applicability of Goods and Service Tax (GST) with effect from 1st July, 2017, revenue from operations is disclosed net of GST. Accordingly, the revenue from operations and other expenses for the year ended on 31st March, 2019 are not comparable with the previous year.

23. Other income

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on		
Bank deposits	15.48	18.53
Others	16.32	15.95
Commission income	9.05	8.64
Scrap sales	0.70	12.66
Insurance claim	-	2.06

Notes to Standalone Financial Statements

23. Other income (Contd..)

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sundry credit balances written back	34.81	10.63
Provision no longer required written back	40.91	-
Foreign exchange gain	-	136.55
Profit on sale of property, plant & equipment	2.57	6.26
Hire charges received	12.00	-
Miscellaneous income	4.57	20.32
Total	**136.41**	**231.60**

24. Cost of raw material consumed

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening stock	438.21	642.22
Add: Purchases	1901.23	1578.12
	2339.44	**2220.34**
Less: Closing stock	734.16	438.21
Total	**1605.28**	**1782.13**

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the beginning of the year		
Finished goods	1904.22	1995.94
Work-in-progress	99.55	78.57
Stock-in-trade	50.50	76.53
	2054.27	**2151.04**
Inventories at the end of the year		
Finished goods	1537.43	1904.22
Work-in-progress	131.39	99.55
Stock-in-trade	39.43	50.50
	1708.25	**2054.27**
Total	**346.02**	**96.77**

26. Employee benefits expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages, bonus & allowances	1977.80	2042.30
Contribution to provident fund and other funds	147.18	167.52
Retirement benefits	85.67	99.06
Staff welfare expense	166.72	184.67
Total	**2377.37**	**2493.55**

26.1 - Employee benefits:

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Defined contribution plan		
Employer's contribution to provident fund	126.07	143.44

Notes to Standalone Financial Statements

26. Employee benefits expense (Contd..)

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, 2019	Year ended March 31, 2018
Change in defined benefit obligations:		
Obligation at the beginning of the year	407.28	404.99
Current service costs	48.22	50.17
Interest costs	29.54	25.71
Remeasurement (gain)/losses	(45.29)	(40.59)
Past service cost	-	8.22
Benefits paid	(37.10)	(41.22)
Obligation at the end of the year	**402.65**	**407.28**

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Change in plan assets:		
Fair value of plan assets at the beginning of the year	211.63	221.90
Interest income	14.89	13.98
Return on Plan assets excluding net interest	(0.01)	1.30
Employers' contributions	5.87	15.66
Benefits paid	(37.10)	(41.22)
Fair value of plan assets at the end of the year	**195.28**	**211.62**

Amounts recognised in the balance sheet consists of:

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Fair value of plan assets at beginning/end of the year	195.28	211.62
Present value of obligation at the beginning/end of the year	(402.65)	(407.28)
	(207.37)	**(195.66)**
Recognised as:		
Retirement benefit liability - Current	15.28	16.92
Retirement benefit liability - Non-current	192.09	178.74

Notes to Standalone Financial Statements

26. Employee benefits expense (Contd..)

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Employee benefits expenses:		
Current service costs	48.22	50.17
Interest costs	14.64	11.72
Past service cost -(vested benefits)	-	8.22
	62.86	**70.11**
Other comprehensive income:		
(Gain)/loss on plan assets	0.01	(1.30)
Actuarial (gain)/loss arising from changes in demographic Assumption	-	-
Actuarial (gain)/loss arising from changes in financial assumption	1.20	(43.21)
Actuarial (gain)/loss arising from changes in experience adjustments	(46.49)	2.61
	(45.28)	**(41.90)**
Expenses recognised in the statement of profit and loss	**17.58**	**28.21**

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

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate (per annum)	7.59%	7.60%
Rate of escalation in salary (per annum)	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 parent 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 31st March, 2019

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹446.93 Lakhs, increase by ₹364.67 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹445.10 Lakhs, decrease by ₹365.58 Lakhs

As at 31st March, 2018

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹455.16 Lakhs, increase by ₹366.46 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹453.20 Lakhs, decrease by ₹367.42 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, 2019	Year ended March 31, 2018
Change in defined benefit obligations:		
Obligation at the beginning of the year	53.79	60.91
Current service costs	19.13	25.15
Interest costs	3.68	3.80
Remeasurement (gain)/losses	(18.41)	(27.81)
Benefits paid	(10.95)	(8.26)
Obligation at the end of the year	**47.24**	**53.79**

Notes to Standalone Financial Statements

26. Employee benefits expense (Contd..)

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Change in plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Remeasurement gain/(losses)	-	-
Employers' contributions	10.95	8.26
Benefits paid	(10.95)	(8.26)
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, 2019	As at March 31, 2018
Fair value of plan assets at beginning/end of the year	-	-
Short term compensated absence liability	-	-
Present value of obligation at the beginning/end of the year	47.24	53.79
	47.24	**53.79**
Recognised as:		
Retirement benefit liability - Current	2.36	3.46
Retirement benefit liability - Non-current	44.88	50.33

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Employee benefits expenses:		
Current service costs	19.13	25.15
Interest costs	3.68	3.80
	22.81	**28.95**
Other comprehensive income:		
(Gain)/loss on plan assets	-	-
Actuarial (gain)/loss arising from changes in demographic Assumption	-	-
Actuarial (gain)/loss arising from changes in financial assumption	0.13	(5.81)
Actuarial (gain)/loss arising from changes in experience adjustments	(18.54)	(22.00)
	(18.41)	**(27.81)**
Expenses recognised in the statement of profit and loss	**4.40**	**1.14**

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

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate (per annum)	7.59%	7.60%
Rate of escalation in salary (per annum)	8.00%	8.00%

Notes to Standalone Financial Statements

26. Employee benefits expense (Contd..)

(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 31st March, 2019

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹52.51 Lakhs, increase by ₹42.72 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹52.36 Lakhs, decrease by ₹42.77 Lakhs

As at 31st March, 2018

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹60.23 Lakhs, increase by ₹48.32 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹60.05 Lakhs, decrease by ₹48.38 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.

27. Depreciation & Amortization expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of tangible assets	1329.14	864.31
Amortization on intangible assets	141.62	118.08
Total	**1470.76**	**982.39**

28. Finance costs

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest on borrowings:		
- Banks	430.91	555.05
- Others	139.22	224.95
Interest on taxes / duties	13.35	45.57
Total	**583.48**	**825.57**
Interest capitalised	-	9.43
Total	**583.48**	**816.14**

29. Other expenses

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of stores & spares	1183.55	1349.04
Packing material	142.58	145.09
Processing & job work exp.	288.10	162.51
Power and fuel	1667.37	1757.69
Repairs and maintenance:		
- Plant and machinery	64.02	145.46
- Building	44.13	114.92
- Others	37.69	28.66
Cutter and driller charges	454.71	583.29
Rent	278.89	268.28

Notes to Standalone Financial Statements

29. Other expenses (Contd..)

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Deferred lease expense written off	8.37	7.78
Rates and taxes	33.24	28.56
Insurance	80.70	79.07
Communication charges	37.45	44.68
Printing & stationery	19.64	20.53
Travelling & conveyance expenses	89.61	109.98
Electricity charges	38.03	41.91
Vehicle maintenance	101.72	99.17
Auditors remuneration	9.23	9.16
Advertisement	63.93	58.73
Professional & consultancy	113.00	128.83
Commission to non-executive directors	12.00	18.00
Directors sitting fees	5.20	4.06
Donations	9.55	2.58
CSR activity expenses	0.58	11.29
Fees & subscriptions	17.22	18.79
Government royalty and dead rent	1078.95	1248.79
Sundry debit balances written off	6.10	3.26
Carriage outwards	692.36	826.21
Sales commission	27.85	40.24
Discounts and claims	155.70	62.34
Business promotion expenses	120.54	31.20
Provision for doubtful debts	-	18.09
Excise Duty - Others	-	(6.65)
Sales tax	5.67	57.75
Impairment/loss on sale of PPE	31.20	124.70
Bank charges	26.01	28.98
Exchange Loss (Net)	178.03	-
Miscellaneous expenses	36.09	46.38
Total	**7159.01**	**7719.35**

29.1 - Auditors remuneration

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Statutory audit	7.50	7.50
Certification	1.43	1.31
Out of pocket expenses	0.30	0.35

29.2 - Corporate social responsibility (CSR)

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Amount required to be spent by the company during the year	144.22	108.47
(b) Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.58	11.29

Notes to Standalone Financial Statements

30. Income taxes

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current tax	495.26	505.47
Deferred tax	(191.66)	(42.74)
Tax in respect of earlier years	8.24	36.69
Deferred tax on comprehensive income	11.25	24.13
Total	**323.09**	**523.55**

B) Reconciliation of income tax expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit/(loss) before tax	999.63	1733.21
Other comprehensive Income	63.69	69.71
Effective tax rate	29.120%	34.608%
Computed effective tax expense	309.64	623.95
Tax effect of:		
Expenses disallowed	492.69	426.64
Allowable items from IT act	307.08	545.11
Current tax provision (A)	**495.25**	**505.48**
Incremental deferred tax liability on account of tangible and intangible assets	(163.52)	(39.25)
Incremental deferred tax asset on account of financial assets and other items	16.88	(20.63)
Deferred tax provision (B)	**(180.40)**	**(18.62)**
Tax expense recognised in the statement of profit and loss (A+B)	**314.85**	**486.86**
Effective tax rate	29.61%	27.00%

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

31. Earnings per share (EPS)

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(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	687.79	1233.79
(iv) Weighted average earnings per share (basic and diluted) (in ₹)	2.22	3.98

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) Names of Key management personnel

Gautam Chand Jain, Rahul Jain, Vishwanath Reddy and Mahesh Inani

d) 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

e) Name of executive and non-executive director

Apurva Jain, Prakash Chand Jain, Mahender Chand Chordia, Meka Yugandhar, T.V. Chowdary, Vinayak Rao Juvvadi

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.

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Short-term employee benefits	198.51	192.37
Post-employment pension, provident fund and medical benefits	0.91	0.83
Termination benefits*	-	-
Commission and other benefits paid to non-executive independent directors	17.20	22.20
Total compensation paid	**216.62**	**215.40**

*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 KMP and other related parties 2018-19 (2017-18)

(₹ in Lakhs)

Nature of the transaction	Subsidiary	Key management personnel	Non-executive directors	Associates/ other related parties	Relatives	Total
Purchases						
Goods and services, net	**-**	**-**	**-**	**16.70**	**-**	**16.70**
	-	-	-	(28.85)	-	(28.85)
Sales						
Goods and services, net	**4.93**	**-**	**-**	**0.04**	**-**	**4.97**
	(10.55)	-	-	-	(1.12)	(11.67)
Job work	**0.13**	**-**	**-**	**0.88**	**-**	**1.01**
	(0.17)	-	-	(0.44)	-	(0.61)
Expenses						
Remuneration	**-**	**199.42**	**-**	**-**	**-**	**199.42**
	-	(193.20)	-	-	-	(193.20)
Sitting fee & commission	**-**	**-**	**17.20**	**-**	**-**	**17.20**
	-	-	(22.20)	-	-	(22.20)
Rent	**-**	**5.84**	**14.31**	**32.58**	**29.57**	**82.30**
	-	(5.80)	(14.22)	(32.38)	(29.43)	(81.83)
Interest	**-**	**34.67**	**79.91**	**-**	**-**	**114.58**
	-	(30.97)	(158.63)	-	-	(189.60)
Income						
Hire charges	**5.72**	**-**	**-**	**-**	**-**	**5.72**
	-	-	-	-	-	-
Dividend						
Dividend	**-**	**88.12**	**2.64**	**-**	**14.66**	**105.42**
	-	(73.13)	(3.00)	-	(29.29)	(105.42)
Loans & advances and rent deposit						
Loans & advances taken	**-**	**5.00**	**-**	**-**	**-**	**5.00**
	-	-	-	-	-	-
Outstanding's						
Receivables	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	(0.44)	-	(0.44)
Payables	**-**	**296.77**	**463.75**	**16.55**	**29.41**	**806.48**
	-	(250.81)	(1269.52)	(14.44)	(29.58)	(1564.35)
Rent deposit - receivable	**-**	**-**	**8.33**	**23.20**	**16.66**	**48.19**
	-	-	(8.33)	(23.20)	(16.66)	(48.19)
Investments	**6115.88**	**-**	**-**	**-**	**-**	**6115.88**
	(6115.88)	-	-	-	-	(6115.88)

Notes to Standalone Financial Statements

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

(₹ in Lakhs)

S. No	Particulars	Relationship	Year ended March 31, 2019	Year ended March 31, 2018
1	**Purchases**			
	Goods and services, net			
	Pokarna Fabrics Pvt Limited	Associate	10.96	20.83
	Karvy Computershare Pvt Ltd	Related party	2.08	4.55
	Karvy Data Management Services Ltd	Related party	3.33	3.47
	Southend	Associate	0.02	-
	Pokarna Marketing Pvt Ltd	Associate	0.31	-
2	**Sales**			
	Goods and services, net			
	Pokarna Engineered Stone Limited	Subsidiary	4.93	10.55
	Pokarna Fashions Pvt Limited	Associate	0.04	-
	Bharathi Pulluru	Relative	-	1.12
	Job work			
	Southend Extension	Associate	-	0.44
	Southend	Associate	0.88	-
	Pokarna Engineered Stone Limited	Subsidiary	0.13	0.17
3	**Expenses**			
	Remuneration			
	Rahul Jain	Key management personnel	120.23	120.22
	Apurva Jain	Executive director	12.23	12.23
	Viswanatha Reddy	Key management personnel	60.36	55.53
	Mahesh Inani	Key management personnel	6.60	-
	Vinay paruchuru	Key management personnel	-	5.22
	Sitting fee & commission			
	Prakash Chand Jain	Non-executive director	3.20	4.00
	Mahender Chand Chordia	Non-executive director	3.60	4.60
	Meka Yugandhar	Non-executive director	3.60	4.60
	T.V. Chowdary	Non-executive director	3.40	4.60
	Vinayak Rao Juvvadi	Non-executive director	3.40	4.40

(₹ in Lakhs)

S.No	Particulars	Relationship	As at March 31, 2019	As at March 31, 2018
	Rent			
	Pokarna Fabrics Pvt Limited	Associate	32.58	32.38
	Gautam Chand Jain	Key management personnel	5.84	5.80
	Prakash Chand Jain	Non-Executive Director	14.31	14.22
	Vidya Jain	Relative	8.47	8.42
	Ritu Jain	Relative	13.92	13.83
	Pratik Jain	Relative	7.18	7.18
	Interest			
	Gautam Chand Jain	Key management personnel	28.43	25.64
	Rahul Jain	Key management personnel	6.24	5.33
	Prakash Chand Jain	Non-Executive Director	79.91	158.63
	Dividend			
	Gautam Chand Jain	Key management personnel	85.12	70.13
4	**Income**			
	Hire charges			
	Pokarna Engineered Stone Limited	Subsidiary	5.72	-
5	**Loans & advances and rent deposit**			
	Loans & advance taken			
	Rahul Jain	Key management personnel	5.00	-

Notes to Standalone Financial Statements

32. Related party disclosures: (Contd..)

(₹ in Lakhs)

S.No	Particulars	Relationship	As at March 31, 2019	As at March 31, 2018
6	**Outstanding's**			
	Receivables			
	Southend Extension	Associate	-	0.44
	Payables			
	Pokarna Fabrics Pvt Limited	Associate	16.00	11.36
	Pokarna Marketing Pvt Ltd	Associate	0.29	
	Southend Extension	Associate	-	1.71
	Gautam Chand Jain	Key management personnel	231.57	205.99
	Rahul Jain	Key management personnel	60.26	43.02
	Apurva Jain	Executive director	0.89	0.88
	Viswanatha Reddy	Key management personnel	3.54	0.92
	Mahesh Inani	Key management personnel	0.51	-
	Prakash Chand Jain	Non-Executive Director	453.61	1255.12
	Nidhi Jain	Relative	5.86	5.86
	Neha Jain	Relative	16.44	16.61
	Vidya Jain	Relative	3.88	3.88
	Pratik Jain	Relative	3.23	3.23
	Mahender Chand Chordia	Non-executive director	2.58	3.60
	Meka Yugandhar	Non-executive director	2.58	3.60
	T.V. Chowdary	Non-executive director	2.40	3.60
	Vinayak Rao Juvvadi	Non-executive director	2.58	3.60
	Karvy Computershare Pvt Ltd	Related party	-	0.27
	Karvy Data Management Services Ltd	Related party	0.26	1.10
	Rent deposit receivable			
	Pokarna Fabrics Pvt Limited	Associate	23.20	23.20
	Prakash Chand Jain	Non-executive director	8.33	8.33
	Vidya Jain	Relative	8.33	8.33
	Pratik Jain	Relative	8.33	8.33
7	**Investments**			
	Pokarna Engineered Stone Limited	Subsidiary	6115.88	6115.88

33. Contingent liabilities and commitments

33.1 Contingent liabilities:

(₹ in Lakhs)

	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Letter of credits outstanding	21.58	140.70
b)	**Guarantees**		
i)	Corporate guarantees for loans taken by wholly owned subsidiary: On account of corporate guarantee to the bankers on behalf of subsidiary for the facilities availed by them	2244.05	-
ii)	Other bank guarantees	2.53	1.82
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)	140.86	204.22
ii)	Excise matters (including service tax), amount deposited ₹5.57 Lakhs (previous year ₹5.57 Lakhs)	396.39	354.26
iii)	Customs matters, amount deposited ₹ nil Lakhs (previous year ₹ nil Lakhs)	75.91	75.91
iv)	Sales tax matters, amount deposited ₹10.55 Lakhs (previous year ₹ nil Lakhs)	79.26	14.40
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

Notes to Standalone Financial Statements

33.1 Contingent liabilities: (Contd..)

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
viii) Cross subsidy charges payable to state power distribution company	10.91	-
ix) In view of the amendment in The Payment of Bonus Act, 1965 notified on 1st January, 2016, which was effective retrospectively from 1st April, 2014, the company on the legal advice decided not to consider it in view of the interim order dated 26th April, 2016 of Hon'ble Andhra Pradesh High Court allowing stay on the amendment with retrospective effect till the time its constitutional validity is established.	39.20	39.20
x) Other matters disputed	149.61	158.11

d) Other commitments:

i) 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 31st March,2019, the company has a positive net foreign exchange earning, as defined in the foreign trade policy 2009-2014 and 2015-2020 wherever applicable.

ii) Obligations towards environmental protection measures in respect of quarry leases ₹87.85 Lakhs (previous year ₹46.60 Lakhs)

iii) 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)

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	28.25	120.30

34. The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circulars issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a retrospective impact and hence no provision has been made in these Financial Statements.

35. Apparel Business

Despite continuous efforts, no attractive restructuring solution could be identified for Apparel Business of the Company. Therefore, the Board of Directors have decided no longer to pursue a restructuring solution for Apparel Business of the Company. Consequently, Apparel Business has been reclassified from discontinued operations to continuing operations. Accordingly, in accordance with Ind AS 105 - "Non current Assets held for Sale and Discontinued Operations", the assets and liabilities of Apparel business have been restated in the financial statements as at 31st March, 2019 and corresponding previous year. On such reclassification, the assets in Apparel business have been remeasured at the lower of cost and recoverable amount and such remeasurement exercise has not resulted in gain or loss in the carrying amount.

36. Depreciation and amortization expense on Property, Plant & Equipment has been charged towards Apparel Business for the period from 1st April, 2017 to 31st March, 2019 considering it as a continuing business. Total depreciation on these assets has been charged amounting to ₹493.24 Lakhs, which includes ₹232.88 Lakhs for the current year and ₹260.36 Lakhs for the earlier periods.

Notes to Standalone Financial Statements

37. The company has given a corporate guarantee in favour of Pokarna Engineered Stone Limited (PESL) to avail the loan from their banker till the achievement of date of commencement of commercial operations.

The company has not measured and provided any consideration at fair value either as fee or commission, adhering to the sanction stipulations by lending banker of PESL.

38. 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.

39. Capital management

i) 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.

ii) 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.

iii) The company's adjusted net debt to equity ratio is as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Gross debt	5563.75	8006.65
Less: Cash and bank balances	561.76	823.42
Adjusted net debt	5001.99	7183.23
Total equity	13848.13	13332.16
Adjusted net debt to equity ratio	0.36	0.54

40. 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:

31st March, 2019

(₹ 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	335.80	-	335.80	-	335.80	-
Financial assets not measured at fair value						
Investments	6115.88	-	6115.88			
Other loans	326.41	-	326.41	-	-	-
Accrued interest	5.28	-	5.28	-	-	-
Trade receivables	1301.56	-	1301.56	-	-	-
Cash and bank balances	561.76	-	561.76	-	-	-
Total	**8646.69**	**-**	**8646.69**	**-**	**335.80**	**-**
Financial liabilities not measured at fair value						
Secured bank loans	4701.72	-	4701.72	-	-	-
Loans from related parties	732.15	-	732.15	-	-	-
Loans from others	129.88	-	129.88	-	-	-
Trade payables	745.18	-	745.18	-	-	-
Accrued interest	15.07	-	15.07	-	-	-
Unpaid dividend	9.93	-	9.93	-	-	-
Total	**6333.93**	**-**	**6333.93**	**-**	**-**	**-**

Notes to Standalone Financial Statements

31st 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	331.50	-	331.50	-	331.50	-
Financial assets not measured at fair value						
Investments	6115.88	-	6115.88	-	-	-
Other loans	344.69	-	344.69	-	-	-
Accrued interest	13.25	-	13.25	-	-	-
Trade receivables	2243.31	-	2243.31	-	-	-
Cash and bank balances	823.42	-	823.42	-	-	-
Total	**9872.05**	**-**	**9872.05**	**-**	**331.50**	**-**
Financial liabilities not measured at fair value						
Secured bank loans	6271.73	-	6271.73	-	-	-
Loans from related parties	1496.44	-	1496.44	-	-	-
Loans from others	238.48	-	238.48	-	-	-
Trade payables	1004.87	-	1004.87	-	-	-
Accrued interest	23.68	-	23.68	-	-	-
Unpaid dividend	9.80	-	9.80	-	-	-
Total	**9045.00**	**-**	**9045.00**	**-**	**-**	**-**

41. Financial risk management objectives and policies

I. 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.

II. 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, 2019	As at March 31, 2018
Not due	292.26	199.29
Upto 1 year	842.08	1826.56
1 to 2 years	165.00	201.65
2 to 3 years	68.82	54.20
More than 3 years	87.25	115.46
Total	**1455.41**	**2397.16**

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

Notes to Standalone Financial Statements

41. Financial risk management objectives and policies (Contd..)

(₹ in Lakhs)

Movements in allowance for credit losses of receivables is as below:	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	153.85	135.76
Charge in statement of profit and loss	-	18.09
Release to statement of profit and loss	-	-
Utilised during the year	-	-
Balance at the end of the year	**153.85**	**153.85**

iii) **Cash and cash equivalents:** The company held cash and cash equivalents of ₹215.26 Lakhs (previous year ₹245.18 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.

iv) In respect of financial guarantees provided by the Company to banks and financial institutions, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

• 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.

31st March, 2019

(₹ in Lakhs)

Particulars	Carrying amount	1 year or less	1-3 years	More than 3 years
Borrowings- secured	4831.60	3406.93	744.87	679.80
Borrowings- un-secured	732.15	-	-	732.15
Trade payables	745.18	745.18	-	-
Other financial liabilities	25.00	25.00	-	-

31st March, 2018

(₹ in Lakhs)

Particulars	Carrying amount	1 year or less	1-3 years	More than 3 years
Borrowings- secured	6510.21	3884.24	1642.80	983.17
Borrowings- un-secured	1496.44	-	-	1496.44
Trade payables	1004.87	1004.87	-	-
Other financial liabilities	33.48	33.48	-	-

Notes to Standalone Financial Statements

41. Financial risk management objectives and policies (Contd..)

· 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, 2019		As at March 31, 2018	
Currency	**USD**	**EURO**	**USD**	**EURO**
Borrowings	3625.23	-	4351.83	-
Trade receivables (including bill discounting)	843.83	11.41	1140.40	24.23
Trade and other payables (including payable for capital goods)	48.34	102.93	52.39	89.42
Interest accrued but not due	15.07	-	23.68	-
Bank balances (including deposits)	326.77	38.62	243.67	149.50
Total	**4859.24**	**152.96**	**5811.97**	**263.15**

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 ₹255.89 Lakhs (previous year ₹293.58 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 ₹57.84 Lakhs (previous year ₹63.18 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.

Notes to Standalone Financial Statements

41. Financial risk management objectives and policies (Contd..)

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.

42. Dividend:

The dividend declared by the company are based on the profits available for distribution as reported in the financial statements of the company. On 27th May, 2019, the Board of Directors of the company have proposed a dividend of ₹0.60 per share in respect of the year ended 31st March, 2019 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹224.26 Lakhs inclusive of a dividend distribution tax of ₹38.24 Lakhs.

43. 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% investment in equity shares of subsidiary lenders for credit facilities availed by them. (Fund based ₹11123 Lakhs and non-fund based ₹1650 Lakhs.)
Corporate Guarantee	Pokarna Engineered Stone Limited (wholly owned subsidiary)	Corporate Guarantee to the bankers on behalf of subsidiary for the facilities availed by them to the extent of ₹25000 Lakhs till the date of achievement commercial production.

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

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 : 27th May, 2019

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

Mahesh Inani
Company Secretary

Statement Containing Salient Features of the Financial Statement of Subsidiaries

1	Sl. No.	1
2	Name of the Subsidiary Company	Pokarna Engineered Stone Limited
3	Reporting Period for the subsidiary concerned, if different from the holding company's reporting period	No
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of Foreign subsidiaries	Indian Subsidiary-Not Applicable

(₹ in Lakhs)

		March 31, 2019	March 31, 2018
5	Share capital	417.06	417.06
6	Other Equities	18898.62	11512.66
7	Total Assets	44010.45	32371.90
8	Total Liabilities	44010.45	32371.90
9	Investments	Nil	Nil
10	Revenue from Operations	31595.42	18142.16
11	Profit Before Taxation	9124.24	3381.45
12	Provision for Taxation	1744.20	391.03
13	Profit After Taxation	7380.04	2990.42
14	Other Comprehensive Income	5.92	7.29
15	Total Comprehensive Income	7385.96	2997.71
16	Dividend	Nil	Nil
17	% of Share holding	100%	100%

Independent Auditors' Report

To
The Members of
Pokarna Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Pokarna Limited ("the Company") and its subsidiary (the Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sl. No.	Key Audit Matter	Auditors Response
1	**Evaluation of disputed direct and indirect tax demands:** The Group has material disputed uncertain tax demands of direct and indirect taxes which are matter under dispute which involves significant judgement to determine the possible outcome of their disputes. Refer Note No. 32 of the financial statements.	**Principal Audit Procedures :** We have obtained details of pending and completed tax assessments and demands status from the management which are pending as on 31st March 2019. We have reviewed the management's assumptions in estimating the tax provision and possible outcome of the disputed statutory dues. We have additionally assessed for the opening balances of disputed statutory dues, whether a change was required to management's view for the year ended march 31, 2019. We have involved our internal experts and considered legal case laws and other rulings in evaluating management's position on these uncertain tax positions.
2	**Evaluation of Provision for Warranties** The Group gives warranties on products and services, undertaking to repair / replace during the warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of repair / replacement. Refer Note No.17.1 of the financial statements.	**Principal Audit Procedures :** Our audit approach was a combination of test of internal controls and substantive procedures. We have further reviewed the management's assumptions with respect to estimating the provision for warranties and noted based on the past experience of the levels of repairs and returns of certain products and services.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; 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 consolidated 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 financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit 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 of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) 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, 2019.

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

(Manoj Kumar Bihani)
Partner
Membership No. 234629

Place: Hyderabad
Date: 27th May, 2019

Annexure - A to the 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, 2019.

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, 2019, 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, 2019, 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: 27th May, 2019

Consolidated Balance Sheet

(₹ in Lakhs)

	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	25832.26	26794.17
(b) Capital work-in-progress		5522.59	265.36
(c) Intangible assets	3	57.32	192.26
(d) Financial assets			
(i) Loans	4(A)	656.65	657.21
(ii) Other financial assets	5(A)	376.87	199.56
(e) Deferred tax asset (net)	6(A)	705.46	411.86
(f) Other non-current assets	7(A)	5319.69	2324.09
Total non-current assets		**38470.84**	**30844.51**
II Current assets			
(a) Inventories	8	9995.10	10146.40
(b) Financial assets			
(i) Trade receivables	9	6836.82	6932.36
(ii) Cash and cash equivalents	10	784.49	1340.13
(iii) Bank balances other than (ii) above	11	2897.29	776.11
(iv) Loans	4(B)	235.70	245.97
(v) Other financial assets	5(B)	68.29	24.43
(c) Current tax assets	12	7.90	7.90
(d) Other current assets	7(B)	1014.67	743.09
Total current assets		**21840.26**	**20216.39**
Total Assets		**60311.10**	**51060.90**
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	13	620.08	620.08
(b) Other equity	14	26425.83	18523.90
Total equity		**27045.91**	**19143.98**
Liabilities			
II Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15(A)	15165.05	16189.53
(b) Provisions	17(A)	417.92	375.07
(c) Deferred tax liabilities (net)	6(B)	568.45	748.86
Total non-current liabilities		**16151.42**	**17313.46**
III Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15(B)	5618.11	5878.22
(ii) Trade payables	20		
a) total outstanding dues of micro enterprises and small enterprises		18.43	26.56
b) total outstanding dues of creditors other than micro enterprises and small enterprises		3869.10	2953.39
(iii) Other financial liabilities	16	3072.60	3471.68
(b) Other current liabilities	19(A)	3309.94	1642.39
(c) Provisions	17(B)	609.08	316.89
(d) Current tax liabilities (net)	18	616.51	314.33
Total current liabilities		**17113.77**	**14603.46**
Total Equity and Liabilities		**60311.10**	**51060.90**
Notes forming part of the financial statements	1 - 43		

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 : 27th May, 2019

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)

Mahesh Inani
Company Secretary

Consolidated Statement of Profit and Loss

(₹ in Lakhs)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
Income			
I Revenue from operations	21	46221.99	33746.66
II Other income	22	907.86	590.19
III Total income		**47129.85**	**34336.85**
IV Expenses:			
a) Cost of raw material consumed	23	12853.91	8457.66
b) Purchase of stock-in-trade		226.07	125.78
c) Changes in stock of finished goods, work-in-progress and stock-in-trade	24	1472.20	(636.50)
d) Excise duty		-	86.77
e) Employee benefits expense	25	4223.94	3818.77
f) Depreciation and amortization expense	26	2553.62	1987.56
g) Finance costs	27	2537.88	2859.28
h) Other expenses	28	13138.36	12522.88
Total expenses		**37005.98**	**29222.20**
V Profit before tax (III-IV)		**10123.87**	**5114.65**
VI Tax expense:			
a) Current tax	29	2544.47	1307.26
Less: MAT credit entitlement		(716.55)	(303.21)
b) Deferred tax		228.12	(113.60)
Total tax expense		**2056.04**	**890.45**
VII Profit after tax (V-VI)		**8067.83**	**4224.20**
VIII Other comprehensive income/(loss)			
(i) Items that will not be reclassified to profit or loss		72.79	80.86
(ii) Income tax relating to items that will not be reclassified to profit or loss		(14.43)	(27.98)
Total other comprehensive income/(loss) (B)		**58.36**	**52.88**
IX Total comprehensive income for the year: (A+B)			
(i) Shareholders of the company		8126.19	4277.08
(ii) Non controlling interests		-	-
		8126.19	**4277.08**
X Earnings per share - Basic and Diluted (in ₹)		26.02	13.62
XI Nominal Value of share (in ₹)		2.00	2.00
Notes forming part of the financial statements	1 - 43		

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 : 27th May, 2019

For and on behalf of Board of Directors

Gautam Chand Jain
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Managing Director
(D.No: 00576447)

Apurva Jain
Executive Director
(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

Mahesh Inani
Company Secretary

Consolidated Statement of Changes in Equity

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
A) Equity Share Capital		
Equity shares		
Balance at the beginning of the year	620.08	620.08
Changes during the year	-	-
Balance at the end of the year	**620.08**	**620.08**

B) Other Equity

(₹ in Lakhs)

Particulars	Other Comprehensive Income	General Reserve	Retained earnings	Securities Premium	Debenture Redemption Reserve	Total Other Equity
Opening balance as on 1st April, 2018	**86.01**	**980.36**	**17250.82**	**73.96**	**132.75**	**18523.90**
Profit for the year			8067.83	-		8067.83
Movement in OCI (Net) during the year	58.36				-	58.36
Transfer from debenture redemption reserve			132.75		-	132.75
Transfer to retained earnings					(132.75)	(132.75)
Dividend			(186.02)			(186.02)
Tax on dividend			(38.24)			(38.24)
Closing balance as on 31st March, 2019	**144.37**	**980.36**	**25227.14**	**73.96**	**-**	**26425.83**

(₹ in Lakhs)

Particulars	Other Comprehensive Income	General Reserve	Retained earnings	Securities Premium	Debenture Redemption Reserve	Total Other Equity
Opening balance as on 1st April, 2017	**33.13**	**980.36**	**13117.75**	**73.96**	**265.50**	**14470.70**
Add: Profit for the year			4224.21			4224.21
Movement in OCI (Net) during the year	52.88					52.88
Transfer from debenture redemption reserve			132.75			132.75
Transfer to retained earnings					(132.75)	(132.75)
Dividend			(186.02)			(186.02)
Tax on dividend			(37.87)			(37.87)
Closing balance as on 31st March, 2018	**86.01**	**980.36**	**17250.82**	**73.96**	**132.75**	**18523.90**

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 : 27th May, 2019

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)

Mahesh Inani
Company Secretary

Consolidated Statement of Cash Flow

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
(A) Cash flows from operating activities		
Profit before taxes	10123.87	5114.65
Adjustments:		
Depreciation and amortization expense	2553.62	1987.56
Loss/(profit) on sale of property, plant & equipment	32.52	121.87
Amortization of land lease expenses	35.96	36.05
Unrealized foreign exchange (gain)/loss, net	(191.68)	(231.27)
Provision for doubtful debts	(2.86)	15.97
Provision for warranties	295.93	161.18
Finance costs	2537.88	2859.28
Re-measurement Gain/losses on employee defined benefit plans	72.79	80.86
Interest income	(69.34)	(86.73)
Operating profit before working capital changes	**15388.69**	**10059.42**
Changes in working capital and other provisions:		
Trade receivables	13.51	(175.08)
Inventories	151.30	(386.48)
Loans and advances and other assets	(5592.56)	(85.90)
Other liabilities and provisions	3116.30	339.14
Cash generated from operations	**13077.24**	**9751.10**
Income taxes paid, net	(2242.29)	(2037.48)
Net cash from/(used in) operating activities	**10834.95**	**7713.62**
(B) Cash flows from investing activities		
Purchase of property, plant and equipment, Intangible assets and changes in CWIP	(6767.51)	(3082.73)
Proceeds from sale of property, plant and equipment	20.98	26.42
Interest income	69.34	86.73
Net cash from/(used in) investing activities	**(6677.19)**	**(2969.58)**
(C) Cash flows from financing activities		
Bank borrowings	(657.72)	(1896.27)
Other borrowings	(963.06)	(178.79)
Interest expense	(2537.88)	(2859.28)
Dividend paid	(224.26)	(223.89)
Net cash generated in financing activities	**(4382.92)**	**(5158.23)**
Net increase/(decrease) in cash and cash equivalents	**(225.16)**	**(414.19)**
Add: cash and cash equivalents at the beginning of the year	160.08	419.49
Effect of exchange gain on cash and cash equivalents	309.60	154.79
Cash and cash equivalents at the end of the year (refer Note 10.1)	**244.52**	**160.09**

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 : 27th May, 2019

For and on behalf of Board of Directors

Gautam Chand Jain
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(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

Mahesh Inani
Company Secretary

Notes to Consolidated Financial Statements

1. Brief Background of the Company

The Consolidated Financial Statements comprises financial statement of "Pokarna Limited" ("the Parent Company") and its wholly owned subsidiary Pokarna Engineered Stone Limited.

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 31st March, 2019 are approved for issue by the Company's Board of Directors on 27th May, 2019.

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, unless otherwise indicated.

A Statement of compliance and basis of preparation of financial statements

The Group financial statements have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. 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 and financial liabilities 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

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.

Notes to Consolidated Financial Statements

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. Project development and pre-operative expenses attributable to project are allocated to the cost of the fixed assets. Others are written off over the period of five years from the year of commercial operations begins.

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 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

Notes to Consolidated Financial Statements

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.

I Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value 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

Notes to Consolidated Financial Statements

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.

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.

Notes to Consolidated Financial Statements

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 aspecified 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 for parent company (Granite division) 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

Notes to Consolidated Financial Statements

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, Packing materials and others 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.

Notes to Consolidated Financial Statements

Contingent assets

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

P Government grants

Effective from 1st April, 2018, the Company has adopted and opted Ind AS 20 policy for 'Accounting for Government Grants and Disclosure of Government Assistance' from 'Deferred Income recognised in Statement of Profit and Loss on a systematic basis over the useful life of the assets' to 'Option of deducting the same from carrying value'.

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 recognition is based on the terms and conditions as per the contracts entered into / understanding with the customers. All revenues from services, as rendered, are recognised when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives, discounts

Notes to Consolidated Financial Statements

based on the terms of the contract and applicable indirect taxes. When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable that is considered a separate unit of account is accounted for separately. The allocation of the consideration from revenue arrangement to its separate units of account is based on the relative fair value of each unit.

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 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Group has applied as they are effective for annual periods beginning on or after 1st April, 2018:

Notes to Consolidated Financial Statements

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The Effect of Changes in Foreign Exchange Rates

(i) Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18-Revenue, Ind AS 11 - Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise 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. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers The Group does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

(ii) Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

(iii) MCA has amended Companies (Indian Accounting Standard) Rules, 2015 on 20th September, 2018, by virtue of these amendments to Ind AS 20 - Government Grants - Option has been given to the companies to present the Government grant related to assets by deducting the grant from the carrying amount of the asset, prior to the amendment, Ind AS 20 requires the Government grant related to assets shall be presented by setting up the grant as deferred income and the said amendment is effective from 1st April, 2018. Consequent to the amendment, management has decided to exercise the option of presenting the Government grant by deducting it from the carrying amount of the asset. The effect was shown as Ind-As adjustment / reclassification in note no.3.

Recent accounting pronouncements

Ind AS 116 Leases : On 30th March, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17

The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1st April, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Notes to Consolidated Financial Statements

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Group is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (1st April, 2019). Accordingly, comparatives for the year ended 31st March, 2019 will not be retrospectively adjusted. The Group has elected certain available practical expedients on transition.

The Group is in the process of evaluation the impact on the financials.

Amendment to Ind AS 19 - plan amendment, curtailment or settlement- On 30th March, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after 1st April, 2019. The Group does not expect any impact on account of this amendment.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On 30th March, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1st April, 2019. The Group will adopt the standard on 1st April, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1st April, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the group financial statements.

Amendment to Ind AS 12 – Income taxes : On 30th March, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after 1st April, 2019. The Group is currently evaluating the effect of this amendment on the standalone financial statements.

Notes to Consolidated Financial Statements

3. Property, plant and equipment & Intangible assets

(₹ in Lakhs)

Particulars	Property, plant and equipment								Intangible assets		
	Land	Buildings	Factory & quarry buildings	Plant and 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 1st April, 2017	643.32	720.08	7059.85	33124.26	819.80	598.76	992.76	**43958.83**	382.80	97.87	**480.67**
Additions	1505.24	-	183.48	1065.73	92.09	33.10	114.91	**2994.55**	-	212.47	**212.47**
Disposals/ transfer	-	-	-	(631.82)	(45.15)	(1.35)	(75.88)	**(754.20)**	-	(113.77)	**(113.77)**
Ind-AS Adjustment / reclassification	-	-	-	(41.16)	-	-	-	**(41.16)**	-	-	**-**
Balance as at 31st March, 2018	**2148.56**	**720.08**	**7243.33**	**33517.01**	**866.74**	**630.51**	**1031.79**	**46158.02**	**382.80**	**196.57**	**579.37**
Balance as at 1st April, 2018	2148.56	720.08	7243.33	33517.01	866.74	630.51	1031.79	**46158.02**	382.80	196.57	**579.37**
Additions	784.98	8.09	4.72	464.87	34.46	40.66	162.40	**1500.18**	-	10.24	**10.24**
Disposals/ transfer	-	(12.87)	-	(202.37)	(41.15)	(10.23)	(70.55)	**(337.17)**	-	(140.86)	(140.86)
Balance as at 31st March, 2019	**2933.54**	**715.30**	**7248.05**	**33779.51**	**860.05**	**660.94**	**1123.64**	**47321.03**	**382.80**	**65.95**	**448.75**
2. Accumulated Depreciation											
Balance as at 1st April 2017	-	387.09	1970.75	14290.40	531.70	388.40	531.96	**18100.30**	382.80	-	**382.80**
Depreciation for the year	-	11.81	206.24	1487.08	17.32	67.39	85.30	**1875.14**	-	118.08	**118.08**
Disposals	-	-	-	(507.45)	(28.69)	(0.74)	(69.06)	**(605.94)**	-	(113.77)	**(113.77)**
Ind-AS Adjustment / reclassification	-	-	-	(5.65)	-	-	-	**(5.65)**	-	-	**-**
Balance as at 31st March, 2018	**-**	**398.90**	**2176.99**	**15264.38**	**520.33**	**455.05**	**548.20**	**19363.85**	**382.80**	**4.31**	**387.11**
Balance as at 1st April, 2018	-	398.90	2176.99	15264.38	520.33	455.05	548.20	**19363.85**	382.80	4.31	**387.11**
Depreciation for the year	-	13.88	280.01	1842.81	100.16	75.04	100.24	**2412.14**	-	141.62	**141.62**
Disposals	-	(12.87)	-	(178.67)	(26.90)	(8.15)	(60.63)	**(287.22)**	-	(137.30)	**(137.30)**
Balance as at 31st March, 2019	**-**	**399.91**	**2457.00**	**16928.52**	**593.59**	**521.94**	**587.81**	**21488.77**	**382.80**	**8.63**	**391.43**
3. Carrying Amount (Net)											
At 31st March, 2018	2148.56	321.18	5066.34	18252.63	346.41	175.46	483.59	**26794.17**	-	192.26	**192.26**
At 31st March, 2019	**2933.54**	**315.39**	**4791.05**	**16850.99**	**266.46**	**139.00**	**535.83**	**25832.26**	**-**	**57.32**	**57.32**

3.1) Capital work-in-progress ₹5522.59 Lakhs (previous year ₹265.36 Lakhs) includes project development & pre-operative expenses refer note no.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 ₹92.10 Lakhs (previous year ₹44.22 Lakhs) admeasuring 42.92 acres (previous year 41.94 acres) for which title/conveyance deeds are pending for execution in favour of company.

3.6) MCA has amended Companies (Indian Accounting Standard) Rules, 2015 on 20th September, 2018, by virtue of these amendments to Ind AS 20 - Government Grants - Option has been given to the companies to present the Government grant related to assets by deducting the grant from the carrying amount of the asset, prior to the amendment, Ind AS 20 requires the Government grant related to assets shall be presented by setting up the grant as deferred income and the said amendment is effective from 1st April, 2018. For the year ending 31st March, 2018, company had recognised the Government grant as deferred income in its financial statements in line with the Ind AS 20 applicable at that time. Consequent to the amendment, management has decided to exercise the option of presenting the Government grant by deducting it from the carrying amount of the asset. The effect was shown as Ind-As adjustment/reclassification in above schedule.

3.7) Depreciation capitalised during the year ₹0.14 Lakhs (previous year ₹ Nil Lakhs)

Notes to Consolidated Financial Statements

4. Loans

A. Non-current loans

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Loan receivables considered good -unsecured		
Security deposit	506.14	504.55
Other loans	150.51	152.66
Total	**656.65**	**657.21**

B. Current loans

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Loan receivables considered good -unsecured		
Other loans	234.99	245.46
Loans to employees	0.71	0.51
Total	**235.70**	**245.97**

5. Other financial assets

A. Non-current financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Deposits with maturity for more than 12 months Margin money given against a bank guarantee/letter of credit	365.94	198.92
Interest accrued on fixed deposits	10.93	0.64
Total	**376.87**	**199.56**

B. Current financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Interest accrued on fixed deposits	68.29	24.43
Total	**68.29**	**24.43**

6. Deferred tax

A. Deferred tax assets (net)

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax asset		
Receivables	9.23	8.52
Unused tax credit	2842.00	2125.46
Provisions	249.11	274.74
	3100.34	**2408.72**
Deferred tax liabilities		
Property, plant & equipment	2394.88	1996.86
	2394.88	**1996.86**
	705.46	**411.86**

Notes to Consolidated Financial Statements

6 Deferred tax (Contd..)

B. Deferred tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax liabilities		
Property, plant & equipment	722.78	886.31
	722.78	**886.31**
Deferred tax asset		
Receivables	44.80	44.80
Provisions	109.53	92.65
	154.33	**137.45**
Total	**568.45**	**748.86**

Deferred tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
At the start of the year	337.00	725.83
Unused tax credit	(716.55)	(303.21)
Charge/ (Credit) to statement of P&L	242.54	(85.62)
At the end of the year	**(137.01)**	**337.00**

Component of deferred tax liabilities/(asset)

(₹ in Lakhs)

Deferred tax liabilities/(asset) in relation to:	As at March 31, 2018	Charge/ (credit) to profit or loss	As at March 31, 2019
Property, plant and equipment	2883.17	234.50	3117.67
Provisions	(367.39)	8.75	(358.64)
Receivables	(53.32)	(0.72)	(54.04)
Unused tax credit	(2125.46)	(716.54)	(2842.00)
Total	**337.00**	**(474.01)**	**(137.01)**

7. Other assets

A. Non-current assets

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Capital advances	4515.74	1486.96
Prepaid lease payments	766.59	802.55
Defer lease rentals	37.36	34.58
Total	**5319.69**	**2324.09**

B. Current assets

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Indirect taxes receivable	268.52	188.07
Advance to suppliers	482.81	277.73
Prepaid expenses	263.34	277.29
Total	**1014.67**	**743.09**

Notes to Consolidated Financial Statements

8. Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials	1843.69	1155.08
Work-in-progress	499.52	733.55
Finished goods	5364.57	6591.67
Traded goods	39.43	50.50
Consumables, stores & spares	2034.74	1494.97
Others	77.95	55.03
Packing material	135.20	65.60
Total	**9995.10**	**10146.40**

Details of materials in transit included in inventories above

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials	68.96	12.91
Consumables, stores & spares	177.55	12.83
Packing material	1.40	-

9. Trade receivables

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
a) Trade receivables considered good -secured	-	-
b) Trade receivables considered good -unsecured	6836.82	6932.36
c) Trade receivables which have significant increase in credit risk; and	180.25	183.12
d) Trade receivables - credit impaired	-	-
Less: Provision for Trade receivables	180.25	183.12
Total	**6836.82**	**6932.36**

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

10. Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash in hand	3.63	4.91
Balances with banks:		
On current accounts	515.14	1172.45
On cash credit accounts	265.72	151.27
Margin money given against a bank guarantee/letter of credit- with maturity less than three months	-	11.50
Total	**784.49**	**1340.13**

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

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	784.49	1340.13
Less: Cash credit [refer note. 15(B)]	(539.97)	(1180.04)
Total	**244.52**	**160.09**

Notes to Consolidated Financial Statements

11. Other bank balances

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Margin money given against a bank guarantee/letter of credit with maturity for more than 3 months but less than 12 months	2887.35	766.31
In unpaid dividend account	9.94	9.80
Total	**2897.29**	**776.11**

12. Current tax assets

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Tax refundable	7.90	7.90
Total	**7.90**	**7.90**

13. Share capital

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorized:		
10,00,00,000 (previous year 10,00,00,000) equity shares of ₹2/- each (₹2/-) par value	2000.00	2000.00
Issued, subscribed and fully paid-up:		
3,10,04,000 (previous year 3,10,04,000) equity shares of ₹2/- each (₹2/-) fully paid-up	620.08	620.08
Total	**620.08**	**620.08**

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

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

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹2 /- each fully paid				
Gautam Chand Jain	14187045	45.76	14187045	45.76
Ashish Kacholia	-	-	2274714	7.34

Notes to Consolidated Financial Statements

14. Other equity

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Securities Premium	73.96	73.96
General reserve	980.36	980.36
Debenture redemption reserve		
Opening balance	132.75	265.50
Transfer to profit & loss A/c	(132.75)	(132.75)
	-	**132.75**
Net surplus in the statement of Profit and Loss		
Opening balance	17250.82	13117.75
Add: Profit for the year	8067.83	4224.21
Add: Transferred from debenture redemption reserve	132.75	132.75
	25451.40	**17474.71**
Less: Dividend paid	186.02	186.02
Tax on dividend	38.24	37.87
	25227.14	**17250.82**
Other comprehensive income		
Opening balance	86.01	33.13
Movement in OCI (net) during the year	58.36	52.88
	144.37	**86.01**
Total	**26425.83**	**18523.90**

15. Borrowings

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured loans		
Term loans		
Indian rupee loans from banks	3027.11	3702.16
External commercial borrowing from banks	-	765.96
Foreign currency loans from banks	2554.33	1638.58
Finance lease obligations		
Banks	107.14	166.34
Others	18.11	105.45
Unsecured loans		
Loans & advances from related parties		
Loans from directors	3619.76	4396.17
Inter Corporate Deposits	5838.60	5414.87
Total	**15165.05**	**16189.53**

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured loans		
Loans repayable on demand		
From banks - working capital loan		
Cash Credit Facilities	539.97	1180.04
Packing Credit Loans	3434.44	2527.40
Bill Discounting	1643.70	2170.78
Total	**5618.11**	**5878.22**

Notes to Consolidated Financial Statements

15. Borrowings (Contd..)

Nature of security and terms of repayment for secured borrowings:

15.1 External commercial borrowings of ₹814.49 Lakhs, Foreign currency term loans of ₹1681.65 Lakhs and working capital facilities of ₹2057.67 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 parent company, both present and future and personal properties of some of the directors and guarantees of the Directors (other than independent directors).

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

	2019-20	2020-21	2021-22	2022-23	2023-24 and beyond
External commercial borrowings					
Rate of interest					
Six months Libor plus 350 bps	814.49	-	-	-	-
Foreign currency term loans					
Rate of interest					
Libor plus 500 bps	336.33	336.33	336.33	336.33	336.33

15.3 Term loan of ₹3655.74 Lakhs & working capital facilities of ₹3560.44 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 unit situated at Visakhapatnam of the subsidiary and personal guarantees of the Directors (other than independent directors). Further 51% of the shares held by Pokarna Limited in the company are also pledged against the borrowing from the banks. Term loan of ₹2244.05 Lakhs from Union bank of India for proposed Unit at Mekaguda Gram Panchayat, Dooskal Village, Ranga Reddy District of the subsidiary is secured by a first charge on entire assets and also 2nd pari passu charge on the entire assets (both movable and immovable) of existing unit at Visakhapatnam as a additional collelatarel security and personal guarantees of the Directors (other than independent directors) and the corporate guarantee by parent company Pokarna Limited till the achievement of date of commercial operations.

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

Rate of interest	2019-20	2020-21	2022-23
1 yr. MCLR plus 3.90% to 4.25%	**589.05**	**627.82**	**2399.18**
Six months libor plus 425 to 525	1074.74	1209.00	-

15.4 Finance lease obligations:

Finance lease obligations are repayable in equated monthly instalments.

The assets acquired on finance lease mainly comprise, cars and equipment's. The lease has a primary period, which is fixed and non-cancellable. Finance leases are secured by hypothecation of respective assets purchased out of finance, and personal guarantees of some of the Directors (other than independent directors).

The minimum lease rentals and the present value of minimum lease payments in respect of assets acquired under finance leases are as follows:

(₹ in Lakhs)

Particulars	Minimum lease payments		Present value of minimum lease payments	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Due within one year	253.85	282.80	232.76	245.70
Due one to five years	134.15	286.59	125.25	271.79
Total	**388.00**	**569.39**	**358.01**	**517.49**
Less: Future finance charges	29.99	51.90		
Present value of minimum lease payable	358.01	517.49		

Notes to Consolidated Financial Statements

16. Other financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Current financial liabilities		
Current maturities of long term borrowings:		
From banks -secured	2814.50	2661.00
Finance lease obligations		
From banks -secured	120.99	112.66
From others -secured	111.77	133.04
11% Unsecured debentures to banks (refer note no.16.1)	-	530.98
Interest accrued but not due on borrowings	15.41	24.20
Unpaid dividend	9.93	9.80
Total	**3072.60**	**3471.68**

16.1 Debentures

	Opening balance	Issued	Redeemed	Closing balance
Debentures	530.98	-	530.98	-

17. Provisions

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
For employee benefits		
Gratuity (refer note. 25(1a))	305.78	264.18
Compensated absence (refer note. 25(1b))	85.05	85.35
Others		
Restoration liability	27.09	25.54
Total	**417.92**	**375.07**

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
For employee benefits		
Gratuity (refer note. 25(1a))	20.47	22.61
Compensated absence (refer note. 25(1b))	5.39	6.99
Others		
Warranties	583.22	287.29
Total	**609.08**	**316.89**

17.1

	Opening balance	Provision recognized	Provision utilized	Closing balance
Provision for warranty	287.29	295.93	-	583.22

Product warranties: The subsidiary company gives warranties on its products in the nature of repairs / replacement, which fail to perform satisfactorily during warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of rectification / replacement. The timing of outflows is expected to be within a period of 1- 2 years.

Notes to Consolidated Financial Statements

18. Current tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for income tax	2536.24	1270.57
Less: Advance tax	1919.73	956.24
Total	**616.51**	**314.33**

19. Other liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Advance received from customers	1084.67	612.78
Creditors for capital expenditure	1136.20	170.94
Statutory liabilities	117.37	151.97
Other liabilities	971.70	706.70
Total	**3309.94**	**1642.39**

20. Trade payables

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
a) total outstanding dues of micro enterprises and small enterprises	18.43	26.56
b) total outstanding dues of creditors other than micro enterprises and small enterprises	3869.10	2953.39
Total	**3887.53**	**2979.95**

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

(₹ in Lakhs)

Sl. No.	Particulars	Year ended March 31, 2019	Year ended Marc h 31, 2018
a)	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end	5.36	20.90
b)	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	1.72	5.66
c)	Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	36.66	79.43
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	1.65	2.06
f)	Interest accrued and remaining unpaid at the end of accounting year	1.72	3.39
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)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products	46133.58	33725.01
Sale of services	88.41	21.65
Total	**46221.99**	**33746.66**

22. Other income

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on		
Bank deposits	42.73	61.49
Others	26.61	25.24
Scrap sales	22.79	46.47
Insurance claim	0.47	3.16
Commission Income	9.05	8.64
Sundry credit balances written back	35.23	17.89
Profit on sale of property, plant & equipment	2.57	7.58
Foreign exchange gain	713.06	397.28
Provision for doubtful debts written back	2.86	2.12
Hire charges received	7.00	-
Miscellaneous Income	4.57	20.32
Provision no longer required written back	40.92	-
Total	**907.86**	**590.19**

23. Cost of raw material consumed

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening stock	1178.02	1333.87
Add: Purchases	13539.58	8301.81
	14717.60	**9635.68**
Less: Closing stock	1863.69	1178.02
Total	**12853.91**	**8457.66**

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the beginning of the year		
Finished goods	6591.67	5460.99
Work-in-progress	733.55	1201.71
Stock-in-trade	50.50	76.52
	7375.72	**6739.22**
Inventories at the end of the year		
Finished goods	5364.57	6591.67
Work-in-progress	499.52	733.55
Stock-in-trade	39.43	50.50
	5903.52	**7375.72**
Total	**1472.20**	**(636.50)**

Notes to Consolidated Financial Statements

25. Employee benefits expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages, bonus & allowances	3632.03	3192.66
Contribution to provident fund and other funds	216.61	222.51
Retirement benefits	132.45	141.39
Staff welfare expense	242.85	262.21
Total	**4223.94**	**3818.77**

25.1 Employee benefits:

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Defined contribution plan		
Employer's contribution to provident fund	179.02	188.46

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 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 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, 2019	Year ended March 31, 2018
Change in defined benefit obligations:		
Obligation at the beginning of the year	498.43	476.54
Current service costs	71.03	72.66
Interest costs	36.37	30.43
Remeasurement (gain)/losses	(44.75)	(46.18)
Past service cost	-	8.22
Benefits paid	(39.55)	(43.24)
Obligation at the end of the year	**521.53**	**498.43**

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Change in plan assets:		
Fair value of plan assets at the beginning of the year	211.63	221.90
Interest income	14.89	13.98
Remeasurement gain/(losses)	(0.01)	1.30
Employers' contributions	8.32	17.68
Benefits paid	(39.55)	(43.24)
Fair value of plan assets at the end of the year	**195.28**	**211.62**

Notes to Consolidated Financial Statements

25. Employee benefits expense (Contd..)

Amounts recognised in the balance sheet consists of:

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Fair value of plan assets at beginning/end of the year	195.28	211.62
Present value of obligation at the beginning/end of the year	(521.53)	(498.43)
	(326.25)	**(286.81)**
Recognised as:		
Retirement benefit liability - Current	20.47	22.62
Retirement benefit liability - Non-current	305.78	264.19

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Employee benefits expenses:		
Current service costs	71.03	72.66
Interest costs	21.48	16.44
Past service cost -(vested benefits)	-	8.22
	92.51	**97.32**
Other comprehensive income:		
(Gain)/loss on plan assets	0.01	(1.30)
Actuarial (gain)/loss arising from changes in demographic Assumption	-	-
Actuarial (gain)/loss arising from changes in financial assumption	1.04	(55.68)
Actuarial (gain)/loss arising from changes in experience adjustments	(45.79)	9.49
	(44.74)	**(47.49)**
Expenses recognised in the statement of profit and loss	**47.77**	**49.83**

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

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate (per annum)	7.60%	7.60%
Rate of escalation in salary (per annum)	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 parent 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 31st March, 2019

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹583.31 Lakhs, increase by ₹469.17 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹580.18 Lakhs, decrease by ₹470.94 Lakhs

As at 31st March, 2018

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹560.19 Lakhs, increase by ₹446.28 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹557.84 Lakhs, decrease by ₹447.36 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

25. Employee benefits expense (Contd..)

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, 2019	Year ended March 31, 2018
Change in defined benefit obligations:		
Obligation at the beginning of the year	92.33	92.57
Current service costs	33.44	38.24
Interest costs	6.50	5.83
Remeasurement (gain)/losses	(28.04)	(33.37)
Benefits paid	(13.79)	(10.94)
Obligation at the end of the year	**90.44**	**92.33**

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Change in plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Remeasurement gain/(losses)	-	-
Employers' contributions	13.79	10.94
Benefits paid	(13.79)	(10.94)
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, 2019	As at March 31, 2018
Fair value of plan assets at beginning/end of the year	-	-
Short term compensated absence liability	-	-
Present value of obligation at the beginning/end of the year	90.44	92.33
	90.44	**92.33**
Recognised as:		
Retirement benefit liability - Current	5.39	6.99
Retirement benefit liability - Non-current	85.05	85.34

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Employee benefits expenses:		
Current service costs	33.44	38.24
Interest costs	6.50	5.83
	39.94	**44.07**
Other comprehensive income:		
(Gain)/loss on plan assets	-	-
Actuarial (gain)/loss arising from changes in demographic Assumption	-	-
Actuarial (gain)/loss arising from changes in financial assumption	0.07	(10.97)
Actuarial (gain)/loss arising from changes in experience adjustments	(28.11)	(22.40)
	(28.04)	**(33.37)**
Expenses recognised in the statement of profit and loss	**11.90**	**10.70**

Notes to Consolidated Financial Statements

25. Employee benefits expense (Contd..)

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

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate (per annum)	7.60%	7.60%
Rate of escalation in salary (per annum)	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 31st March, 2019

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹102.01 Lakhs, increase by ₹80.77 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹101.67 Lakhs, decrease by ₹80.88 Lakhs

As at 31st March, 2018

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹104.51 Lakhs, increase by ₹82.19 Lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹104.15 Lakhs, decrease by ₹82.31 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.

26. Depreciation & Amortization expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of tangible assets	2412.00	1869.48
Amortization on intangible assets	141.62	118.08
Total	**2553.62**	**1987.56**

27. Finance costs

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest on borrowings:		
- Banks	1212.07	1463.74
- Others	1212.76	1212.98
Interest on taxes / duties	54.64	75.17
Interest on debentures	58.41	116.82
Total	**2537.88**	**2868.71**
Interest capitalised	-	9.43
Total	**2537.88**	**2859.28**

Notes to Consolidated Financial Statements

28. Other expenses

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of stores & spares	3259.72	2866.79
Packing material	570.68	385.04
Processing & job work exp.	407.39	221.72
Power and fuel	2236.74	2290.29
Repairs and maintenance:		
- Plant and machinery	184.68	265.82
- Building	59.14	128.23
- Others	53.24	36.67
Cutter and driller charges	454.71	583.29
Rent	347.04	346.17
Rates and taxes	60.50	53.33
Deferred lease expense written off	12.63	12.09
Insurance	193.33	166.08
Communication charges	53.03	59.41
Printing & stationery	43.70	34.08
Travelling & conveyance expenses	238.64	257.86
Electricity charges	52.25	57.19
Vehicle maintenance	163.11	148.42
Auditors remuneration	19.78	21.11
Advertisement	63.92	58.73
Professional & consultancy	179.42	206.61
Commission to non-executive directors	12.00	18.00
Directors sitting fees	7.80	6.22
Donations	22.48	4.08
CSR activity expenses	24.48	41.95
Fees & subscriptions	26.01	31.65
Government royalty and dead rent	1078.95	1248.80
Carriage outwards	1682.50	1617.68
Sales commission	27.85	40.24
Discounts and claims	280.45	90.34
Business promotion expenses	591.47	627.68
Bad debts written off	-	18.69
Sundry debit balances written off	6.20	3.30
Amortization of land lease expenses	35.96	36.05
Provision for doubtful debts	-	18.09
Provision for warranties / rebates	295.93	161.18
Sales tax	5.67	61.62
Excise Duty - Others	-	(6.65)
Exchange Loss (Net)	178.03	-
Bank charges	125.64	120.82
Impairment / loss on sale of PPE	35.09	129.45
Miscellaneous expenses	48.20	54.76
Total	**13138.36**	**12522.88**

Notes to Consolidated Financial Statements

28. Other expenses (Contd..)

28.1 - Auditors remuneration

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Statutory audit	15.00	15.00
Tax audit	-	1.25
Certification	4.28	4.24
Out of pocket expenses	0.50	0.62

28.2 - Corporate social responsibility (CSR)

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Amount required to be spent by the Group during the year	326.06	221.49
(b) Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	24.48	41.95

29. Income taxes

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current tax	2536.24	1270.57
Less: MAT credit entitlement	(716.55)	(303.21)
Deferred tax	228.12	(113.60)
Tax in respect of earlier years	8.23	36.69
Deferred tax on comprehensive income	14.42	27.99
Total	**2070.46**	**918.44**

B) Reconciliation of income tax expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit / (loss) before tax	10123.87	5114.66
Other comprehensive Income	72.78	80.86
Effective tax rate	34.608%	34.608%
Computed effective tax expense	2969.27	1798.06
Tax effect of:		
Expenses disallowed	964.59	881.64
Allowable items from IT act	826.06	1232.35
Deductions under IT act	1288.12	467.07
Carryover MAT entitlement	-	12.91
Current tax provision (A)	**1819.68**	**967.37**
Continued operations		
Incremental deferred tax liability on account of tangible and intangible assets	234.51	(345.51)
Incremental deferred tax asset on account of financial assets and other items	(8.04)	(259.89)
Deferred tax provision (B)	**242.55**	**(85.62)**
Tax expense recognised in the statement of profit and loss (A+B)	**2062.23**	**881.75**
Effective tax rate	20.22%	16.97%

*Excluding eliminations

Note: The deferred tax assets and liabilities at the close of the year has been measured at 29.12% for parent company and 34.94% for subsidiary company (previous year 29.12%) based on tax rates that have been enacted by end of reporting period.

Notes to Consolidated Financial Statements

30. Earnings per share (EPS)

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(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 (total operations)	8067.83	4224.21
(iv) Weighted average earnings per share (basic and diluted) (in ₹)	26.02	13.62

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) Names of Key management personnel

Gautam Chand Jain, Rahul Jain, Vishwanatha Reddy and Mahesh Inani

c) 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

d) Name of executive and non-executive director

Apurva Jain, Prakash Chand Jain, Mahender Chand Chordia, Meka Yugandhar, T.V. Chowdary, Vinayak Rao Juvvadi

A. Compensation of Key management personnel of the Group

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.

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Short-term employee benefits	679.49	373.48
Post-employment pension, provident fund and medical benefits	1.13	1.05
Termination benefits*	-	-
Commission and other benefits paid to non-executive independent directors	19.80	24.30
Total compensation paid	**700.42**	**398.83**

*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 - 2018-19 (2017 - 18)

(₹ in Lakhs)

Particulars	Key Management personnel	Non-executive directors	Associates / other related parties	Relatives	Total
Purchases					
Goods and services, net	**-**	**-**	**16.70**	**-**	**16.70**
	-	-	(29.42)	-	(29.42)
Sales					
Goods and services, net	-	-	0.04	-	0.04
	-	-	-	(1.12)	(1.12)
Job work	**-**	**-**	**0.88**	**-**	**0.88**
	-	-	(0.44)	-	(0.44)

Notes to Consolidated Financial Statements

B. Transactions with key management personnel and other related parties - 2018-19 (2017 - 18) (Contd..)

(₹ in Lakhs)

Particulars	Key Management personnel	Non-executive directors	Associates / other related parties	Relatives	Total
Expenses					
Remuneration	**680.62**	**-**	**-**	**-**	**680.62**
	(374.53)	-	-	-	(374.53)
Sitting fee & commission	**-**	**19.80**	**-**	**-**	**19.80**
	-	(24.30)	-	-	(24.30)
Rent	**5.84**	**14.31**	**32.58**	**92.24**	**144.97**
	(5.80)	(14.22)	(32.38)	(95.45)	(147.85)
Interest	**388.79**	**81.12**	**714.59**	**-**	**1184.50**
	(359.65)	(173.98)	(641.23)	-	(1174.86)
Dividend					
Dividend	**88.12**	**2.64**	**-**	**14.66**	**105.42**
	(73.13)	(3.00)	-	(29.29)	(105.42)
Loans & advances and rent deposit					
Loan received	**5.00**	**-**	**-**	**-**	**5.00**
	(100.00)	-	-	-	(100.00)
Outstanding's					
Receivables	**-**	**-**	**-**	**-**	**-**
	-	-	(0.44)	-	(0.44)
Payables	**3534.31**	**463.75**	**5855.15**	**29.41**	**9882.62**
	(3087.30)	(1371.76)	(5429.31)	(29.58)	(9917.95)
Rent deposit - receivable	**-**	**8.33**	**23.20**	**97.82**	**129.35**
	-	(8.33)	(23.20)	(97.82)	(129.35)

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

(₹ in Lakhs)

S. No	Particulars	Relationship	Year ended March 31, 2019	Year ended March 31, 2018
1	**Purchases**			
	Goods & Services, net			
	Pokarna Fabrics Pvt Limited	Associate	10.96	20.83
	Southend	Associate	0.02	-
	Karvy Computershare Pvt Ltd	Related party	2.08	4.55
	Karvy Data Mgt services Ltd	Related party	3.33	4.04
	Pokarna Marketing Pvt Ltd	Associate	0.31	
2	**Sales**			
	Goods & Services, net			
	Pokarna Fashions Pvt Limited	Associate	0.04	-
	Bharathi Pulluru	Relative	-	1.12
	Job Work			
	Southend Extension	Associate	-	0.44
	Southend	Associate	0.88	-
3	**Expenses**			
	Remuneration			
	Gautam Chand Jain	Key management personnel	481.20	181.33
	Rahul Jain	Key management personnel	120.23	120.22
	Apurva Jain	Executive director	12.23	12.23
	Viswanatha Reddy	Key management personnel	60.36	55.53
	Mahesh Inani	Key management personnel	6.60	-
	Vinay paruchuru	Key management personnel	-	5.22
	Sitting Fee & Commission			
	Prakash Chand Jain	Non-executive director	3.60	4.20
	Mahender Chand Chordia	Non-executive director	4.20	5.10
	Meka Yugandhar	Non-executive director	4.20	5.10
	T.V. Chowdary	Non-executive director	3.90	5.10
	Vinayak Rao Juvvadi	Non-executive director	3.90	4.80

Notes to Consolidated Financial Statements

31. Related party disclosures : (Contd..)

(₹ in Lakhs)

S. No	Particulars	Relationship	Year ended March 31, 2019	Year ended March 31, 2018
	Rent			
	Pokarna Fabrics Pvt Limited	Associate	32.58	32.38
	Gautam Chand Jain	Key management personnel	5.84	5.80
	Prakash Chand Jain	Non-executive director	14.31	14.22
	Gautam Chand Jain (HUF)	Relative	14.18	14.71
	Prakash Chand Jain (HUF)	Relative	14.74	17.28
	Vidya Jain	Relative	8.47	8.42
	Ritu Jain	Relative	13.92	13.83
	Pratik Jain	Relative	7.18	7.18
	Rekha Jain	Relative	16.57	16.46
	Ashok Chand Jain (HUF)	Relative	11.34	11.77
	Anju Jain	Relative	5.84	5.80
	Interest			
	Pokarna Fabrics Pvt Limited	Associate	573.74	512.83
	Pokarna Marketing Pvt Limited	Associate	140.85	128.40
	Gautam Chand Jain	Key management personnel	245.33	229.38
	Rahul Jain	Key management personnel	143.46	130.27
	Prakash Chand Jain	Non-executive director	81.12	173.98
	Dividend			
	Gautam Chand Jain	Key management personnel	85.12	70.13
4	**Loans & Advances and Rent Deposit**			
	Loan Received			
	Gautam Chand Jain	Key management personnel	-	100.00
	Rahul Jain	Key management personnel	5.00	
5	**Outstanding's**			
	Receivables			
	Southend Extension	Associate	-	0.44
	Payables			
	Pokarna Fabrics Pvt Limited	Associate	4739.54	4341.94
	Pokarna Marketing Pvt Limited	Associate	1115.35	1084.29
	Southend Extension	Associate	-	1.71
	Gautam Chand Jain	Key management personnel	2327.10	1992.87
	Rahul Jain	Key management personnel	1202.27	1092.64
	Viswanatha Reddy	Key management personnel	3.54	0.92
	Mahesh Inani	Key management personnel	0.51	-
	Apurva Jain	Executive director	0.89	0.88
	Prakash Chand Jain	Non-executive director	453.61	1357.36
	Nidhi Jain	Relative	5.86	5.86
	Neha Jain	Relative	16.44	16.61
	Vidya Jain	Relative	3.88	3.88
	Pratik Jain	Relative	3.23	3.23
	Mahender Chand Chordia	Non-executive director	2.58	3.60
	Meka Yugandhar	Non-executive director	2.58	3.60
	T.V. Chowdary	Non-executive director	2.40	3.60
	Vinayak Rao Juvvadi	Non-executive director	2.58	3.60
	Karvy Computershare Pvt Ltd	Related party	-	0.27
	Karvy Data Management Services Ltd	Related party	0.26	1.10
	Rent deposit receivable			
	Pokarna Fabrics Pvt Limited	Associate	23.20	23.20
	Prakash Chand Jain	Non-executive director	8.33	8.33
	Gautam Chand Jain (HUF)	Relative	16.44	16.44
	Prakash Chand Jain (HUF)	Relative	17.10	17.09
	Rekha Jain	Relative	16.48	16.48
	Anju Jain	Relative	19.80	19.80
	Ashok Chand Jain & Sons	Relative	11.34	11.34
	Vidya Jain	Relative	8.33	8.33
	Pratik Jain	Relative	8.33	8.33

Notes to Consolidated Financial Statements

32. Contingent liabilities and commitments

32.1 Contingent liabilities :

(₹ in Lakhs)

Particulars		As at March 31, 2019	As at March 31, 2018
a.	Letter of credits outstanding	17793.33	364.65
b.	Bank guarantee	12.53	11.82
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)	140.86	204.22
ii)	Excise matters (including service tax). Amount deposited ₹5.57 Lakhs (previous year ₹5.57 Lakhs)	396.39	354.26
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)	79.26	14.40
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 on 1st January, 2016, which was effective retrospectively from 1st April, 2014, the Group on the legal advice decided not to consider in view of the interim order dated 26th April, 2016 of Hon'ble Andhra Pradesh High Court allowing stay on the amendment with retrospective effect till the time its constitutional validity is established.	72.03	72.03
ix)	Other matters disputed	149.61	185.04

Other Commitments:

i) Granite processing units of the parent company situated at Aliabad and Toopronpet village are registered as a 100% export oriented units ("EOU"), and are exempted from Customs and Central Excise duties and levies on imported & indigenous capital goods and stores & spares. The Company has executed a Bond Cum Legal Undertaking to pay Customs duty, Central Excise duty, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores & spares, consumed duty free, in the event that certain terms and conditions are not fulfilled. As on 31st March, 2019, the Company has a positive Net Foreign Exchange Earning, as defined in the Foreign Trade Policy 2009-2014 and 2015-2020 wherever applicable.

ii) Obligations towards environmental protection measures in respect of quarry leases ₹87.85 Lakhs (previous year ₹46.60 Lakhs)

iii) The undertaking of the subsidiary company situated at Atchutapuram, Visakhapatnam 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 31st March, 2019, the Company has a positive Net Foreign Exchange Earning, as defined in the SEZ Act,2005.

iv) The undertaking of the subsidiary company situated at Mekaguda Gram panchayat and Dooskal village, Ranga Reddy Dist. is registered as a 100% export oriented unit ("EOU"), and is 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 31st March, 2019, company has not started its operations and expects a positive net foreign exchange earning, as defined in the foreign trade policy 2009-2014 and 2015-2020 wherever applicable.

v) 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.

Notes to Consolidated Financial Statements

32. Contingent liabilities and commitments (Contd..)

32.2. Capital commitments

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account not provided for	22958.82	17390.53

33. The Group is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circulars issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a retrospective impact and hence no provision has been made in these Financial Statements.

34. Apparel Business

Despite continuous efforts, no attractive restructuring solution could be identified for Apparel Business of Pokarna Limited ("Apparel Business"). Therefore, the Board of Directors have decided no longer to pursue a restructuring solution for Apparel Business. Consequently, Apparel Business has been reclassified from discontinued operations to continuing operations. Accordingly, in accordance with Ind AS 105 - "Non current Assets held for Sale and Discontinued Operations", the assets and liabilities of Apparel Business have been restated in the consolidated financial statements as at 31st March, 2019 and corresponding previous year. On such reclassification, the assets in Apparel Business have been remeasured at the lower of cost and recoverable amount and such remeasurement exercise has not resulted in gain or loss in the carrying amount.

35. Depreciation and amortization expense on Property, Plant & Equipment has been charged towards Apparel Business for the period from 1st April, 2017 to 31st March, 2019 considering it as a continuing business. Total depreciation on these assets has been charged amounting to ₹493.24 Lakhs, which includes ₹232.88 Lakhs for the current year and ₹260.36 Lakhs for the earlier periods.

36. Segment Reporting

Disclosure of segment reporting for the year 2018-19 (2017-18):

(a) Information about Primary Business Segments:

(₹ in Lakhs)

Description	Granite	Apparel	Quartz Surfaces	Total
Sales to external customers	**13900.55**	**726.02**	**31595.42**	**46221.99**
	(14758.46)	(846.04)	(18142.16)	(33746.66)
Inter segment sales	**1.19**	**3.45**	**-**	**4.64**
	(16.77)	(11.64)	-	(28.41)
Total revenue	**13901.74**	**729.47**	**31595.42**	**46226.63**
	(14775.23)	(857.68)	(18142.16)	(33775.07)
Segment results				
Profit / (loss)	**2350.85**	**(767.73)**	**11078.63**	**12661.75**
	(2866.96)	(-317.61)	5424.58	(7973.93)
Interest expenses				**2537.88**
				(2859.28)
Income tax				**2056.04**
				(890.45)
Profit after tax				**8067.83**
				(4224.20)
Other segment information:				
Capital expenditure	**130.67**	**169.91**	**6467.09**	**6767.67**
	(1037.82)	(162.09)	(1954.41)	(3154.32)
Depreciation	**977.52**	**493.24**	**1082.86**	**2553.62**
	(982.39)	-	(1005.17)	(1987.56)
Particulars of segment assets and liabilities:				
Segment assets	**13938.87**	**2365.43**	**44010.45**	**60314.75**
	(15953.25)	(2737.99)	(32371.90)	(51063.14)
Segment liabilities	**8010.96**	**561.08**	**24694.78**	**33266.82**
	(10820.60)	(654.35)	(20442.18)	(31917.13)

Notes to Consolidated Financial Statements

36. Segment Reporting (Contd..)

(b) Information about secondary segments - geographical

Revenue attributable to location of customers is as follows

(₹ in Lakhs)

Geographical Market	As at March 31, 2019				As at March 31, 2018			
	Granite	Apparel	Quartz Surfaces	Total	Granite	Apparel	Quartz Surfaces	Total
U S A	3281.10	-	28239.41	31520.51	2183.05	-	15138.37	17321.42
China	5319.15	-	-	5319.15	5448.28	-	-	5448.28
India	4086.48	726.02	422.40	5234.90	5533.84	846.04	211.51	6591.39
Rest of the world	1213.82	-	2933.61	4147.43	1593.29	-	2792.28	4385.57
Total	**13900.55**	**726.02**	**31595.42**	**46221.99**	**14758.46**	**846.04**	**18142.16**	**33746.66**

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 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 one customers who contributes more than 10% of the outstanding receivables for the year ended 31st March, 2019 and two customers for the year ended 31st March, 2018 for Granite segment and there are only three customers who contributes more than 10% of the outstanding receivables for the year ended 31st March, 2019 and 31st March, 2018 for Quartz surfaces segment.

37. Project development & pre-operative expenses

The following expenditure incurred during the construction period is classified as 'Project Development Expenditure' and are apportioned to the assets upon completion of the project.

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Amount brought forward	50.71	-
Payments to and Provisions for Employees:		
- Salaries, wages and Allowances	12.15	-
- Contribution to Provident Fund and other funds	0.37	-
- Workmen and Staff welfare expenses	0.02	-
Power & Fuel	5.76	-
Security charges	3.44	-
Insurance	18.29	-
Depreciation	0.14	
Printing & stationary	0.01	
Office Maintenance	0.36	-
Rates & Taxes	-	37.76
Vehicle Maintenance	0.07	-
Professional consultancy charges	4.21	8.48
Conveyance	0.02	
Interest and Finance Charges:		
- On Term Loans	34.74	-
- Bank charges	15.40	4.47
Interest Received	(78.21)	-
Total	67.48	50.71
Less: Capitalized during the year	-	-
Balance to be carried forward	67.48	50.71

Notes to Consolidated Financial Statements

38. Capital management

i) 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.

ii) 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.

iii) The Group's adjusted net debt to equity ratio is as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Gross debt	23830.42	25505.43
Less: Cash and bank balances	4047.72	2315.16
Adjusted net debt	19782.70	23190.27
Total equity	27045.91	19143.98
Adjusted net debt to equity ratio	0.73	1.21

39. 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:

31st March, 2019

(₹ 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	506.14	-	506.14	-	506.14	-
Financial assets not measured at fair value						
Other loans	386.21	-	386.21	-	-	-
Accrued interest	79.22	-	79.22	-	-	-
Trade receivables	6836.82	-	6836.82	-	-	-
Cash and cash equivalents	4047.72	-	4047.72	-	-	-
Total	**11856.11**	**-**	**11856.11**	**-**	**506.14**	**-**
Financial liabilities not measured at fair value						
Secured bank loans	14242.18	-	14242.18	-	-	-
Loans from related parties	9458.36	-	9458.36	-	-	-
Loans from others	129.88	-	129.88	-	-	-
Trade payables	3887.53	-	3887.53	-	-	-
Accrued interest	15.41	-	15.41	-	-	-
Unpaid dividend	9.93	-	9.93	-	-	-
Total	**27743.29**	**-**	**27743.29**	**-**	**-**	**-**

Notes to Consolidated Financial Statements

39. Financial instruments (Contd..)

31st 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	504.55	-	504.55	-	504.55	-
Financial assets not measured at fair value						
Other loans	398.63	-	398.63	-	-	-
Accrued interest	25.07	-	25.07	-	-	-
Trade receivables	6932.36	-	6932.36	-	-	-
Cash and cash equivalents	2315.16	-	2315.16	-	-	-
Total	**10175.77**	**-**	**10175.77**	**-**	**504.55**	**-**
Financial liabilities not measured at fair value						
Secured bank loans	14924.92	-	14924.92	-	-	-
Unsecured Bank loans (Debentures)	530.98	-	530.98	-	-	-
Loans from related parties	9811.04	-	9811.04	-	-	-
Loans from others	238.49	-	238.49	-	-	-
Trade payables	2979.95	-	2979.95	-	-	-
Accrued interest	24.20	-	24.20	-	-	-
Unpaid dividend	9.80	-	9.80	-	-	-
Total	**28519.38**	**-**	**28519.38**	**-**	**-**	**-**

40. Financial risk management objectives and policies

I. 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.

II. 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

40. Financial risk management objectives and policies (Contd..)

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, 2019	As at March 31, 2018
Not due	5332.23	4503.26
Upto 1 year	1215.99	2178.99
1 to 2 years	253.73	224.41
2 to 3 years	101.47	54.20
More than 3 years	113.65	154.62
Total	**7017.07**	**7115.48**

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

(₹ in Lakhs)

Movements in allowance for credit losses of receivables is as below:	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	183.12	167.15
Charge in statement of profit and loss	-	18.09
Release to statement of profit and loss	(2.86)	(2.12)
Utilised during the year	-	-
Balance at the end of the year	**180.26**	**183.12**

iii) **Cash and cash equivalents:** The Group held cash and cash equivalents of ₹784.49 Lakhs as at 31st March, 2019 (previous year ₹1340.13 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.

iv) In respect of financial guarantees provided by the Parent Company to banks and financial institutions, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

• 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.

31st March, 2019

(₹ in Lakhs)

Particulars	Carrying amount	1 year or less	1-3 years	More than 3 years
Borrowings- secured	14372.06	8665.37	2782.83	2923.86
Borrowings- un-secured	9458.36	-	-	9458.36
Trade payables	3887.53	3887.52	-	-
Other financial liabilities	25.34	25.34	-	-

Notes to Consolidated Financial Statements

40. Financial risk management objectives and policies (Contd..)

31st March, 2018

(₹ in Lakhs)

Particulars	Carrying amount	1 year or less	1-3 years	More than 3 years
Borrowings- secured	15163.41	8810.61	5369.00	983.80
Borrowings- un-secured	10342.02	530.98	-	9811.04
Trade payables	2979.95	2979.95	-	-
Other financial liabilities	34.00	34.00	-	-

• 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, 2019		As at March 31, 2018	
Currency	**USD**	**EURO**	**USD**	**EURO**
Borrowings	6739.59	-	4351.83	-
Trade receivables (including bill discounting)	6157.79	59.51	5387.61	337.21
Trade and other payables (including payable for capital goods)	91.92	911.54	297.12	525.37
Interest accrued but not due	15.07	-	23.68	-
Cash & Bank balances (Including deposits)	511.85	54.55	639.85	242.37
Total	**13516.22**	**1025.60**	**10700.09**	**1104.95**

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 ₹96.22 Lakhs for the year ended 31st March, 2019 (previous year ₹143.28 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 ₹139.48 Lakhs (previous year ₹133.46 Lakhs). This analysis assumes that all other variables remain constant.

i) **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.

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

Notes to Consolidated Financial Statements

40. Financial risk management objectives and policies (Contd..)

- 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
- 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.

41. 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% investment in equity shares of Pokarna Engineered Stone Limited to its lenders for availing credit facilities of ₹11123 Lakhs fund based and ₹1650 Lakhs non-fund based.
Corporate Guarantee	Pokarna Engineered Stone Limited (wholly owned subsidiary)	Corporate Guarantee given to lender (Union Bank of India) for the term loan availed by Pokarna Engineered Stone Limited to the extent of ₹25000 Lakhs till the date of commercial production.

42. Dividend:

The dividend declared by the parent company are based on the profits available for distribution as reported in the financial statements of the company. On 27th May, 2019, the Board of Directors of the company have proposed a dividend of ₹0.60 per share in respect of the year ended 31st March, 2019 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹224.26 Lakhs inclusive of a dividend distribution tax of ₹38.24 Lakhs.

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

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 : 27th May, 2019

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

Mahesh Inani
Company Secretary

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 **28th ANNUAL GENERAL MEETING** of the Company held on Saturday, 14 September, 2019, 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]

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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 28th Annual General Meeting of the Company, to be held on Saturday, 14 September, 2019, 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 overleaf:

** 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 consisting of the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the reports of the Board of Directors and the Auditors report thereon; and		
	b) the Audited Consolidated Financial Statements of the Company consisting of the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the Auditors' Report thereon.		
2.	To declare Dividend on Equity Shares for the financial year 2018-19.		
3.	To appoint a Director in place of Mrs. Apurva Jain (DIN: 06933924), who retires by rotation and being eligible, offers herself for re-appointment.		
4.	To authorise the Board of Directors of the Company, to fix the remuneration of M/s. K.C Bhattacharjee & Paul, Chartered Accountants, (ICAI Firm Registration Number 303026E), the Statutory Auditors of the Company for the remainder of their tenure as such Auditors.		
	Special Business		
5.	Re-appointment of Mrs. Apurva Jain as Executive Director.		
6.	Ratification of Cost Auditor's Remuneration.		

Signed this .... day of .... 2019.

Affix Revenue Stamp

Signature of the Shareholder

Signature of Proxy holders

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.

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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

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