15TH ANNUAL REPORT 2015-16



ANCIENT BEIGE

Contents -

04	Corporate Information
11	Management Discussion and Analysis
21	Notice
22	Directors Report
32	Independent Auditors Report
38	Balance Sheet
39	Statement of Profit and Loss
40	Cash Flow Statement
41	Notes on Financial Statements

Corporate Information

REGISTERED OFFICE

105, First Floor, Surya Towers, Sardar Patel Road, Secunderabad - 500003, Telangana India. Tel: 91-40-27842182, 27844101, 66266777, Fax: 91-40-27842121 CIN No. : U17219TG2001PLC036015 Email: contact@quantra.in Website: www.quantra.in

FACTORY

Plot No. 45, APSEZ, Atchutapuram, Rambili Mandal, Vishakapatnam District, Andhra Pradesh – 531 011, India

STATUTORY AUDITORS

M/s. S. Daga & Co., Chartered Accountants, Hyderabad

INTERNAL AUDITOR

Mr. M. Murali Jaganmohan, Chartered Accountant, Hyderabad

BANKERS

Union Bank of India, Somajiguda, Hyderabad Bank of India, Khairatabad, Hyderabad Indian Overseas Bank, Secunderabad

BOARD OF DIRECTORS



Mr. Gautam Chand Jair



Mr. Dhanji Lakhamsi Sawla



Mr. Mahender Chand



Mr. Thati Venkataswamy Chowdan



Mr. Meka Yugandhar



Mr. Vinayak Rao Juvvadi



Mr. Prakash Chand Jair



Mr. Rahul Jain



Mrs. Apurva Jai

Marketing Initiatives

10

EXIT

STONA 2016, BANGALORE, INDIA



China Xiamen International Stone Fair, Xiamen, China



Stone + tec, Nuremberg, Germany



Marmomacc, Verona, Italy

MILE STONES



Signing up of contract with Bretonstone, for acquiring technical knowhow of Quartz surfaces.



Ground breaking ceremony of Quartz surfaces plant.



Commenced commercial production of Quartz Surfaces and launched brand Quantra.

2015

Crossed Rs. 100 Crore Topline.



Crossed Rs. 200 Crore Topline.

&

Seeks exit from CDR Mechanism after remarkable turnaround.

Quartz Surfaces Applications



BATHROOM



KITCHEN COUNTERTOPS



FURNITURE



CLADDING



FLOORING

Operational Highlights



Capacity utilization enhanced.





Received Kosher certification from OU (Orthodox Union) -New York.



Economic Overview

Global economy remained weak during the year amidst slower than anticipated pick-up in commercial and industrial activities across developed and emerging nations. Subdued demand and investment undertakings more so in extractive industries resulted in decelerating of manufacturing activities. Confluence of such action resulted in global growth contracting to 3.1% in 2015 as against 3.4% in 2014. In addition, heightened volatility in financial market following sharp decline in commodity prices compounded worries raising fresh concerns over much anticipated recovery. Economic activities in developed economies continued to remain modest and uneven with many of them continuing to reel under the impact of spillover effect of previous financial crisis – high debt, constrained investment, and low productivity. Amongst developed countries, US economy appeared most resilient supported by still-easy financial conditions and strengthening of housing and labor markets; while stronger private consumption on the back of lower oil prices and accommodative financial stance is expected to help Euro Zone tide over weakening of its net exports.

Performance of emerging nations as well remained mixed in partly reflective of the anemic global growth. Deceleration in China's growth following its efforts to shift the national economy more towards consumer spending and services also had a fallout effect on commodity prices, many of which tumbled to multi year low. Weakened commodity prices altered the economic dynamics of commodity dependent economies like Brazil, South Africa and Russia for the worse. However, on the flip slide lower commodity prices significantly aided the performance of commodity importing nations with India being one amongst them.

Indian economy stood as a beacon of stability, growth and optimism amidst all the gloom and uncertain environment. Improving macros, supportive fiscal and monetary policies are expected to revive and reignite the country's growth engine helping it to emerge as the fastest growing major economy in the world.



Stone Industry

As per Internazionale Marmi E Macchine Carrara Research, 2015 remained a strong year for international trade of natural stone, with trade flow of 25.7 billion euro; higher by 12.4% over the previous year. This increase was largely value driven with higher average unit value of products on the international market by the main players in the sector.



Source: Internazionale Marmi E Macchine Carrara Research

China continued to maintain its leadership position in the global exports market with 42% share in the total natural stone exports. Italy was the second largest exporter with a share of 12.4%.

The US a major importer of finished natural stone, imported stone materials primarily finished products worth 2.4 billion euro in 2015, higher by 24.1% compared to previous year. The positive trend of the US demand was sustained on the back of strengthening of its currency, and the growing appeal of natural stone, in particular marble, with the material being used not only for floors and walls but also objects of design in marble and furnishings.

China, Brazil and India remained the top three trading partners for US, with imports from India growing 19.8% during the year. In absolute terms, total quantity imported from India during 2015 stood at 281,158 metric tons. Brazil

and China occupying the top two slots experienced contraction of 24% and 12% during the year with volume of 8, 43,928 metric tons and 4, 04,246 metric tons respectively.

Imports by US of Quartz surfaces as well continued to remain strong, expanding at 55.1% over preceding year. In quantity terms, engineered stone imports amounted to 66.1 million ft² during 2015. China, Spain, Israel were the top three countries supplying Quartz Surfaces with China reporting an annual growth of 136.5 %. India which ranked sixth in the list recorded a growth of 246.3% in 2015, with exports of 34, 87,310 Sq.ft.

The European Union (EU), one of the biggest markets for the worldwide natural stone industry with imports of Euro 2.4 billion, registered a growth of 5.1% during 2015.

Import of natural stone in Japan slowed down during the year, though the trend is expected to reverse owing to investment in residential buildings, commercial facilities and projects associated with the Olympic Games of Tokyo 2020.

India has also been one of the key players in the global export of natural stone, with close to a 10% share of global exports.

Worked Granite: US Imports				
	2015	2014	Change	
Brazil	8,43,928	11,15,307	-24.3%	
China	4,04,246	4,60,906	-12.3%	
India	2,81,158	2,34,666	19.8%	
(Courses LLC	International Trade C	ammiagion)		

(Source: U.S. International Trade Commission)

Quartz Slabs: US Imports (Top Sources)				
	2015	2014	Change	
China	21,007,247	8,882,639	136.5%	
Spain	13,185,455	1,0865,285	21.4%	
Israel	11,035,592	10,939,685	0.9%	
Canada	5,528,414	4,943,310	11.8%	
Vietnam	4,915,206	2,779,078	76.9%	
India	3,487,310	1,006,877	246.3%	

(Source: U.S. International Trade Commission)

Engineered Stone / Quartz Surfaces

Quartz surfaces a man-made product, comprises majorly of quartz, one of nature's strongest material and a mix of bonding agent, pigment and additives. Similar in appearance to natural stone, quartz enjoy certain innate benefits not available with natural material namely durability, strength and stain and heat resistant qualities. Further, natural stones are also porous which leaves room for bacteria to get into fissures and pores where it can be tough to eradicate, while on the other hand Engineered stone doesn't absorb liquids resulting in easier cleaning and more effective than natural stone. Owing to such factors, engineered stone has been rated as most preferred material for countertop by Consumer reports magazine scoring over other materials like granite, ceramic tile, stainless steel, laminate, marble, limestone, and concrete. Further, engineered stone's texture can be fine or coarse, depending on how it is processed, and can be combined with glass and other reflective materials for a sparkling finish.

Engineered stone is also the fastest growing material to be used in the countertop industry. Rapid growth of the product has been driven by the material's superior physical attributes relative to other countertop materials, its attractive relative value, as well as broad array of colors and ease of fabrication. The growth is expected to remain strong as it gains further awareness and acceptance in several existing and newer markets - the product is fairly matured and developed in Israel and Australia, it is still at a nascent stage in markets like USA and Canada, two of the largest markets in the world. The product is expected to witness a disproportionate growth trajectory if it is able to meaningfully increase its receptiveness in these two regions, given their size and magnitude. USA's import engineered stone imports amounted to 66.1 million ft² during 2015, higher by 55.1% over preceding year.

China 21,007,247 Spain 13,185,455 Israel 11.035.592 5,528,414 Canada Vietnam 4.915.206 India 34,87,310 Italy 1,902,035 Korea 1,291,603 Portugal 1,200,595 1,020,568 Turkev Germany 712,549 Czech... 💻 483,644 Brazil 167,562 Mexico 69.158 Hong Kong 54,196 Belgium 29 525 Oman 20.032 Singapore 17,599 Source : U.S. International Trade Commission

Quartz Slabs: US Imports

In China as well, consumption of engineered stone is expected to increase at a CAGR of 15.0% from 2015 through 2020. China's consumption of quartz surface products is expected to have a compound annual growth rate (CAGR) of 18.8% from 2015 through 2020, with annual sales of 10 million square meters per year being expected.

Pokarna Perspective

Company is the largest exporter of Quartz surfaces in the country and is also the only Company in India to produce quartz surfaces using the patented Bretonstone® Technology. Bretonstone System from Breton S.p.A. of Italy, is considered to be amongst the finest of its kind in the world.

With passion, innovation and research as its cornerstone, Company has been offering some of the most sought after Quartz surfaces in terms of design and patterns under the brand "Quantra". Available in more than 64 colors, the Company's portfolio has ample depth and versatility in terms of design with unmatched durability. The Company's unrelenting commitment towards offering the freshest and the most beautiful designs in the industry has helped it carve a niche for itself and build a strong brand loyalty with its customers.

The Company has a state-of-the-art quartz manufacturing plant located in the port city of Vishakapatnam, Andhra Pradesh. The unit's strategic location enables the Company to source quartz from Andhra Pradesh, which is noted for its strong physical characteristics and high level of clarity. Further, the plant is also equipped with extensive laboratory, enabling the Company's R&D staff to develop new colors, create product prototype and analyze various products via its modern machinery. Such thrust and commitment towards innovation has helped the Company maintain a strong product pipeline, with existing portfolio getting replenished on a timely and consistent basis.

The Company strives towards developing and setting up benchmarks in terms of innovation and quality for others to emulate. Further, the depth of Company's product portfolio has made it relatively easier for home owners and designers to explore new design possibilities for any environment, style preference or application in turn helping it to build on its leadership position.

The Company is also equally dedicated and motivated towards preserving the environment and pays utmost attention towards ensuring minimum impact. The Company rigorously scrutinizes its production process from a health, safety and environmental point of view.

The Company is also working towards increasing its brand visibility across regions and as such has been taking necessary actions in terms of increasing its touch points and reach. During the year, the Company revamped its existing website with one equipped with new functions making it more user friendly, providing comprehensive product details - colors, textures, new surfaces etc. It also enables the user to take pictorial stock of Company's aesthetically appealing surfaces - full of colors and textures. The revised website is amongst one of the many activities planned by the Company towards enhancing its brand image and strengthening its bond with the customers. The Company is hopeful that its renewed strategy will trigger the next growth phase for its Quartz surfaces business.

Further, the Company also modernized the molding line at its manufacturing unit to develop Jumbo size slabs. Demand for jumbo size slabs are growing more so in USA and as such the latest upgradation activity will help the Company better tap the business opportunities in the segment. Further, bigger size slab results in better yield, facilitates color-matching and minimizes seams.

During the year the Company's quartz surfaces also received kosher certification from OU (Orthodox Union) - New York under Pareve designation. The certification confirms Company's products adhere to the highest quality of Kashrut supervision and permits kosher consumers to use Company's products in their kitchen. Besides, it also enables the Company to expand its presence and help better meet the growing demand for products conforming with Kashrus (or kosher concept) principles. Lastly, it also strengthens the trust of Company's products in Jewish market.

The Company generated revenues worth Rs. 201 crore from the business during the year as against Rs. 136 crore, a growth of 48%. Strong demand, improved product mix and functioning at higher utilization contributed to robust top line expansion. Further, rupee depreciation against USD abetted revenue momentum. Domestic:Export mix for the year stood at 4:96 as against 11:89. Of the total overseas sales, revenue from USA constituted 80%, as against 73% during previous year.

PBIT for the segment during the year stood at Rs. 83 crore as against Rs. 32 crore during previous year. Lower input prices mainly polymer resins, following acute decline in crude prices significantly aided in improving margins and overall profitability of the business.

Outlook for the business continues to remain positive driven by strong demand for the product across the globe. Strong employment and housing data in USA coupled with rising preference amongst the end users towards the engineered stone should assist in sustaining the demand. Further, your Company's continuous focus on strengthening its brand through R&D investment & development of new colors, designs, and textures should help it to tap the growth potential going forward.

Outlook

Industry Forecast -

The overall progress and development of the decorative surfacing industry is closely tied to the housing market with any pick-up in construction and residential activity portending better times for the business.

U.S. Housing Starts Historical Data					
Year	Total	Single Family	Multifamily		
2006	1,801,000	1,465,000	3,36,000		
2007	1,355,000	1,046,000	3,09,000		
2008	905,000	622,000	2,83,000		
2009	554,000	445,000	1,09,000		
2010	587,000	471,000	1,16,000		
2011	608,800	430,600	1,78,200		
2012	780,600	535,300	2,45,300		
2013	924,900	617,600	3,07,300		
2014	1,003,300	647,900	3,55,400		
2015	1,111,200	714,600	3,96,600		
	_				

Source: U.S. Census Bureau

The US housing industry which had been subdued until recently is now reflecting a slow but steady revival with growing confidence and demand amongst the homeowners. The trend is reflected by the better home sales and housing starts figure - 2015, was the best year for sales of new single-family homes since 2007. Further, after having breached one million housing starts in 2014, 2015 saw ad growth of more than 10 % finishing at an estimated 1,111, 200.

The momentum in the housing segment is expected to remain strong on the back of improving macros, with The National Association of Home Builders' (NAHB) Housing and Interest Rate predicting housing starts to grow by more than 10% in 2016 and end the year with 1.25 million and 1.52 million levels in 2017. Further, it also expects home prices to increase by 4.5% on an average in addition to the pick-up in housing starts.

Nonresidential construction activities as well are progressing gradually and are expected to maintain its momentum, with FMI predicting growth in five major nonresidential construction segments closely tied with surfacing.

		Nonresidential B	uilding Construction	(in million of US \$)		
Туре	2013	2014	2015	2016	2017	2018
Lodging	13,585	16,839	19,768	23,046	25,231	26,303
Office	41,344	44,491	54,975	59,793	61,711	65,018
Commercial	50,992	57,877	66,869	72,493	75,975	77,636
Healthcare	41,484	41,038	41,203	43,200	45,887	48,913
Educational	77,996	78,464	84,865	89,195	92,356	97,358

Source: FMI Construction Outlook - Q4 2015 - 2018 based on forecasted information

Of the five construction sector, lodging sector is expected to clock the fastest rate, followed by office, commercial and educational sector.

The improving prospects for non-residential construction is further corroborated by the Consensus Construction Forecast from American Institute of Architects (AIA), an average of forecasts from seven major building market institutions with their Economist expecting more than 8 percent overall growth, with 10 percent growth on the commercial / industrial side and 7 percent for institutional facilities.

Experts believe Remodeling / Home improvement sector will build on its improved performance during the year, with the American Society of Interior Designers (ASID) expecting strong business conditions for the current year after monitoring the first six months. Their forecast is anchored on improving trend in economic and labor market. Further as per, Home Improvement Research Institute's latest update, Home improvement market which reported a 4.4% growth in 2015 expects similar growth rate from 2016 through 2019. Homeowner opting for larger and more discretionary projects into their home improvement priorities is one of the key reasons expected to drive the improvement in remodeling market.

Cabinet Sales in Billions of US Dollars (includes 70 percent of Industry reporting)					
Year	Total Sales	Overall % Change	Stock Cabinets % change	Semi – custom cabinets % change	Custom Cabinets % change
2015	\$6.5	8.5%	12.3%	4.2%	13.6%
2014	\$6.0	9.2%	10.5%	7.1%	14.3%
2013	\$5.6	20.7%	26.2%	16.3%	17.9%
2012	\$4.7	7.3%	11.7%	4.5%	0.1%
2011	\$4.4	-1.7%	-3.2%	0.0%	-3.0%
2010	\$4.5	-4.1%	-6.7%	-0.5%	-13.2%

Countertop Segment

As per Freedonia Group's latest report, demand for countertop in United States is expected to grow 4.2% annually to 810 mn sq.ft by 2019 and attain size of \$ 29.3 bn (Source).

US Countertop Demand (million Square feet)					
				% Annual Growth rate	
	2009	2014	2019	2009-14	2014-19
Countertop Demand	588	660	810	2.3%	4.2%
Laminates	301	300	355	-0.1%	3.4%
Natural Stone	90	120	155	5.9%	5.3%
Solid Surfaces	73	85	105	3.1%	4.3%
Engineered Stone	34	52	69	8.9%	5.8%
Cast Polymers	41	46	55	2.3%	3.6%
Tile	39	44	50	2.4%	2.6%
Other Materials	10	13	21	5.4%	10.1%

Rebound in new building construction activity coupled with increased spending on improvement and repair of existing structures is expected to drive the growth through 2019. Further, a shift in product mix from laminates to higher-priced alternative materials is expected to boost value gains.

Countertop industry's growth in the past had been primarily driven by a rise in residential construction following improved employment, rising disposable incomes and low interest rate regime. Of the above mentioned factors, residential market plays a pivotal role in the growth of countertop industry as it typically constitutes about four-fifths of overall countertop demand.



Source: Freedonia Research

The report states that laminates are expected to retain their leadership position with 44% share, while natural stone is expected to corner onefifth share of 810 million ft², USD 29.3 billion countertop market in 2019. Shift in consumer preference for appearance of stone coupled with declining prices is expected to propel granite demand. Moderate decline in granite prices over the past decade has resulted in improving its availability and popularity across masses.

The report further states that shift amongst high-end homes users and businesses towards unique, less commonly used surfaces is expected to drive the growth for engineered stone, natural stones other than granite, and niche materials such as various metals, concrete, and recycled materials. Increased demand for value added materials – which create novel & distinguished countertops will help push up its share in the overall mix. Engineered stone given their durability, aesthetic appeal and maintenance free characteristics is expected to be the fastest growing stone surface; its share in US countertop industry is expected to grow to 8.5% by 2019 from its 5.8% during 2009.

Risks & Concern

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

Risk	Impact	Mitigant
Currency exchange rate fluctuations	We derive substantial income from exports, and we also import a portion of our raw materials and a significant part of our consumables and capital equipment, hence it only has a partial natural hedge. Any volatility in the Currency exchange rate would therefore impact the Company.	Pokarna doesn't fluctuate in forex. The Audit Committee reviews our forex-related matters periodically and suggests necessary courses of action as may be needed by businesses from time to time, and within the overall framework of our forex policy.
Political, legal and regulatory risk	We export to many countries around the globe, which have varying degrees of political and commercial stability. Any unrest and instability in such countries would impact the Company.	We monitor regulatory and political developments on a continuous basis.
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.	Organisation is in place for information and IT security. IT security policies and procedures are defined. An IT system is in place to monitor logical access controls.
Community relations	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 have periodic engagements with all local communities to establish relations based on trust and mutual benefit. Our focus is on local consent prior to accessing resources or starting work. We seek to identify and minimise potential negative operational impacts and risks through responsible behaviour – acting transparently and ethically, promoting dialogue and complying with commitments to stakeholders. The Board's Corporate Social Responsibility (CSR) Committee decides the focus areas of all CSR activities, budget and programmes to be undertaken.
Health, safety and environment	The manufacturing sector is subject to extensive health, safety, and environmental laws, regulations and standards. Evolving regulations, standards and stakeholder expectations could result in increased cost or litigation.	Compliance of local regulations and standards, and protecting our people, communities and the environment from harm and our operations from business interruptions, are our key focus areas. We have appropriate policy in place for occupational health- related matters. We are implementing programmes to eliminate fatalities and control injuries. We continue to improve on our safety investigations and follow-up processes.
Talent/skill shortage risk	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 continue to invest in initiatives to widen our talent pool. Our performance management system is designed to provide reward and remuneration structures and personal development opportunities to attract and retain key employees.

Internal Control Systems & Adequacy

The Company has set up a proper and adequate system of internal control to ensure protection of assets against disposition or loss on account of 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.

Human Resources

Your Company strives towards building a transparent and conducive work environment for its employees. The focus is on covering all aspects of employee lifecycle to provide them a holistic experience. Your Company 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.

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 domestic and overseas markets in which your Company operates, changes in the Government regulations, tax laws, statutes and other incidental factors. Your Company will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

MANAGEMENT REPORTS



ROUTE MAP TO THE AGM VENUE

Dear Members,

Notice is hereby given that the 15th Annual General Meeting of Members of Pokarna Engineered Stone Limited, will be held on September, 10th, 2016, Saturday, at 10.30 a.m., at the registered office of the Company situated at 105, First Floor, Surya Towers, S. P. Road, Secunderabad - 500 003, Telangana, India, to transact the following businesses.

Ordinary Business:

Item No. 1 - Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March, 31, 2016 and the reports of the Board of Directors and Auditors thereon.

Item No. 2 - Appointment of a Director

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

Item No. 3 - Reappointment of Auditors

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

"RESOLVED THAT M/s. S. Daga & Co., (Firm Registration No. 000669S with the Institute of Chartered Accountants of India) be and are hereby reappointed as Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Audit Committee of the Board in consultation with the Auditors".

> By order of the Board Sd/-Gautam Chand Jain Director (DIN: 00004775)

Registered office:

105, First Floor, Surya Towers, S. P. Road, Secunderabad - 500 003, Telangana, India, CIN: U17219TG2001PLC036015, Date: May, 30, 2016.

NOTE:

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty members holding in an aggregate, not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.

Dear Members,

Your Directors take pleasure in presenting the 15th Annual Report with Audited Accounts for the Financial year ended March 31, 2016.

FINANCIAL HIGHLIGHTS:		(Rs. in Lacs)
Particulars	2015-16	2014-15
Total income	20545.25	13911.28
Less – Expenditure	14969.32	12901.58
Profit/(Loss) Before tax and extra-ordinary items	5575.93	1009.70
Total tax expense	426.25	290.64
Extra-ordinary item - Income		791.96
Exceptional item - Expense	1751.95	-
Profit/Loss after tax and Extra-ordinary or Exceptional item.	3397.73	1511.02

DIVIDEND

The Board of Directors had not recommended any dividend for the financial year under review.

TRANSFER TO RESERVES

No amount is proposed for transfer to the general reserve. An amount of Rs. 3397.73 Lacs is proposed to be retained in the profit and loss account.

OVERVIEW AND THE STATE OF THE COMPANY AFFAIRS

Business: Growth in the business has continued to outperform the industry rates and has placed us in a very solid competitive position relative to our principal competitors. We are very optimistic about future. Our long-term strategy in the business is to improve capacity utilization, improve product mix and continue to develop new products for better realization, focus on key markets of US, Europe and India as we see significant portion of our growth will come from continued penetration in these markets.

Building Brand Awareness: We intend to strengthen Quantra brand primarily through continued investment in R&D, marketing activities and establishment of long-term relationships with distribution players in the key markets and continue to strengthen relationship with private label manufacturers.

We are also monitoring present and projected demand picture across the markets for Engineered Stone to ascertain feasibility of undergoing capacity expansion. In the past, we have chosen a path to be best to the market versus the first to the market and that strategy has served us well with keeping a balance between our long-term strategy and short-term market dynamics. While most of the business players today are familiar with our brand, we believe that in long-term there is an opportunity to make Quantra as a Consumer-centric brand and efforts are being made in direction. We remain confident in the business we operate and the steps we are taking to accelerate growth.

Financial Performance: During the financial year under review, the Company achieved revenue from operations of Rs. 20147.68 Lacs as against Rs. 13573.59 Lacs in the previous year, thereby registering a growth of 48.43%. EBIDTA for the year under review was Rs. 9106.64 Lacs, as against Rs. 4347.08 Lacs representing a increase of 109.48%. The net profit for the year March 31, 2016 increased to Rs, 3397.73 Lacs from Rs. 1511.02 Lacs, showing a growth of 124.86%.

The Company could achieve such remarkable growth and performance due to implementation of tighter operating controls, prudent raw material sourcing, increased capacity utilization, superior product mix and controlled overheads.

CORPORATE DEBT RESTRUCTURING

Company resorted to Corporate Debt Restructuring ("CDR") mechanism in March 2012 due to the adverse business scenario. Company achieved turnaround in very short period of about 4 years and has opted for voluntary exit from CDR mechanism. The exit from CDR mechanism is subject to approval by the competent authorities of respective banks and the CDR empowered group. This is one of the shortest turnarounds in the history of CDR mechanism. The provision for recompense amount of Rs. 1751.95 Lacs has been made in the Financials Statements of the Company, for the year ended March 31, 2016. For further details, refer Note. 2.3.1 (b).

CDR exit will lead to greater operational and financial flexibility to the Company and we can go ahead with the growth plans.

CONVERSION OF DEBENTURES HELD BY HOLDING COMPANY INTO EQUITY SHARES

During the year under review, pursuant to Section 62(3) of the Companies Act, 2013 read with terms of scheme of arrangement entered by the Company with the Holding Company Pokarna Limited, which was approved by the then Honorable High Court of Andhra Pradesh, 6,10,58,674 Optionally convertible debentures (OCD's) of Rs. 10/- each, held by the Holding Company in the Company, have been converted into 40,70,584 Equity Shares of the Company, having face value of Rs. 10/- each, with a Securities Premium of Rs. 140/- per Equity Share.

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 2015-16. Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

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

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.

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 neighboring villages around its plant location. The Corporate Social Responsibility Policy is available on your Company's website, http://www.quantra.in/documents/CSR%20policy.pdf.

At the end of the year, there is an unspent CSR amount of Rs. 4,80,129 /- Company proposes to accumulate the CSR funds, in order to take up the large projects, which would benefit the public at large.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

FORMAL ANNUAL EVALUATION

Pursuant to the provisions of the Companies Act, 2013, 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:

- 1. The Audit Committee ("AUC") of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013.
- 2. The AUC of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and inter alia, performs the following functions:

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- · reviewing and examining with management the quarterly and annual financial results before submission to the Board;
- · recommending the appointment, remuneration and terms of appointment of Statutory Auditors / Internal Auditor of the Company;
- reviewing the adequacy of internal audit function and discussing with Internal Auditor any significant finding and reviewing the progress of corrective actions on such issues;
- reviewing, approving or subsequently modifying any Related Party Transactions;
- · scrutiny of inter-corporate loans and investments made by the Company;
- evaluating internal financial controls and risk management systems;
- review the functioning of the Whistleblower Mechanism; and
- 3. The AUC invites such of the executives, as it considers appropriate, representatives of the statutory auditors and the internal auditors to be present at its meetings.
- 4. Six (6) AUC meetings were held on May 25, 2015, July 22, 2015, September 16, 2015, October 29, 2015, February 8, 2016 & March 29, 2016. The necessary quorum was present for all the meetings.
- 5. The AUC comprises of four (4) Independent Directors. The composition of the AUC and the attendance details of the members are given below:

S. No.	Name	Position held in the Committee	Attendance
1.	Mr. Meka Yugandhar	Chairman	6
2.	Mr. Thati Venkataswamy Chowdary	Member	6
3.	Mr. Vinayak Rao Juvvadi	Member	5
4.	Mr. Mahender Chand	Member	5

Nomination and Remuneration Committee

- The Nomination and Remuneration Committee ("NRC") of the Company is constituted in line with the provisions of Section 178 of the Companies Act, 2013.
- 2. The broad terms of reference of the NRC are as under:
 - devise a policy on the diversity of Board of Directors;
 - · recommend to the Board the appointment or reappointment of directors;
 - · recommend to the Board appointment of Key Managerial Personnel;
 - carry out evaluation of every director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its Committees and individual directors;
 - recommend to the Board the Remuneration Policy for directors, Key Managerial Personnel;
 - · performing such other duties and responsibilities as may be consistent with the provisions of the Committee charter.
- 3. One (1) NRC meetings was held on May 25, 2015. The necessary quorum was present for all the meetings.

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

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

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

- 6. Performance Evaluation Criteria for Independent Directors: The criteria for the evaluation of Independent Directors includes skills, experience and level of preparedness of the directors, attendance and extent of contribution to Board debates and discussion, and how the director leverages his expertise and networks to meaningfully contribute to the Company.
- 7. Remuneration Policy: The Nomination and Remuneration Policy of the Company can be accessed at the Company's website http://www. quantra.in/documents/NRC%20policy.pdf. During the year 2015-16 the Company paid sitting fees of Rs. 10,000 per meeting to its Non-Executive Directors for attending meetings of the Board. The Non-Executive Directors do not claim any fees for the Committee meetings. Apart from payment of sitting fees, Company has not paid any remuneration to the Directors of the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

- 1. Corporate Social Responsibility Committee ("CSRC") of the Company is constituted in line with the provisions of Section 135 of the Act. The broad terms of reference Corporate Social Responsibility Committee is as follows:
- formulate and recommend to the Board, a CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII
 of the Companies Act, 2013;
- · recommend the amount of expenditure to be incurred on the activities referred to above; and
- monitor the CSR Policy of the Company from time to time.
- 2. Two (2) CSRC meetings were held on July, 22, 2015 & February, 08, 2016. The necessary quorum was present for all the meetings.
- 3. The CSRC comprises of three (3) Directors. The composition of the CSRC and the attendance details of the members are given below:

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

LOANS COMMITTEE

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

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

S. No.	Name	Position held in the Committee
1.	Mr. Meka Yugandhar, Independent Director	Chairman
2.	Mr. Gautam Chand Jain, Director	Member
3.	Mr. Prakash Chand Jain, Director	Member

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.

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

INTERNAL FINANCIAL CONTROLS

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

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

To further strengthen the legal compliance process, the Company is in final stages of implementing web based comprehensive legal compliance tool that tracks compliances across factories, and other places of business. This tool drills down from the top management to the executive level person who is responsible for compliance. This tool when fully implemented will automate the compliance process and will generate alerts for proper and timely compliance. The tool is expected to be made fully operational during FY 2017.

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

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

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s. S. Daga & Co., Chartered Accountants (Reg. No. 000669S), the Statutory Auditors of the Company, hold office up to the conclusion of the ensuing AGM and are eligible for re-appointment. The consent of the Auditors and certificate u/s 139 of the Act have been obtained from each of the Auditors to the effect that their re-appointment, if made, would be in accordance with the prescribed conditions and that they are eligible to hold the office of the Auditors

of the Company. Auditors' Report does not contain any qualification, reservation or adverse remark. With regard to observation on non-payment of advance tax for the financial year 2015-16, Company shall pay the same on or before the due date of filing of return of income, pursuant to Section 139 of Income Tax Act, 1961.

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 <u>http://www.quantra.in/documents/Whistle%20blower%20policy.pdf</u>

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 May 25, 2015, July 22, 2015, September 16, 2015, October 29, 2015, February 08, 2016 and March 29, 2016.

The constitution and attendance of Board of Directors in Board meetings during the year and previous AGM is given below:

Name of the Director	DIN	No. of Board meetings attended
Independent Directors		
Mr. Dhanji Lakhamsi Sawla	00007918	3
Mr. Mahender Chand	00008449	5
Mr. Thati Venkataswamy Chowdary	00010435	6
Mr. Meka Yugandhar	00012265	6
Mr. Vinayak Rao Juvvadi	00229415	5
Non Independent Directors		
Mr. Gautam Chand Jain	00004775	5
Mr. Prakash Chand Jain	00084490	4
Mr. Rahul Jain	00576447	4
Mrs. Apurva Jain	06933924	5

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year under review Company has not made any Loans, Guarantees or Investments, which would attract the provisions of Section 186 of the Companies Act, 2013.

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.

CONSERVATION OF ENERGY AND TECHNOLOGY CONSUMPTION

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 foreign exchange earnings was Rs. 19246 lacs and expenditure was Rs. 216 lacs.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENT RELATES AND THE DATE OF THE REPORT

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

PARTICULARS OF EMPLOYEES

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

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

DEPOSITS

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

HUMAN RESOURCES

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

GENERAL

The Company has adopted the policies in line with new governance requirements including, CSR Policy and Whistleblower Policy. These policies are available on the website of the Company at <u>www.quantra.in</u>

As on March 31, 2016, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

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

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

ACKNOWLEDGMENT

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

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

For and on behalf of the Board

Sd/-

Gautam Chand Jain Director (DIN: 00004775) Rahul Jain Director (DIN: 00576447)

Date : May 30, 2016 Place: Secunderabad

Annexure -I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March, 31, 2016

[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: U17219TG2001PLC036015
- ii) Registration Date: 08/01/2001
- iii) Name of the Company: Pokarna Engineered Stone 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, First Floor, Surya Towers, S. P. Road, Secunderabad 500 003, Telangana, India, Tel: 040-2789 7722, Fax: 040-2784 2121, Email: contact@quantra.in Website: www.quantra.in
- vi) Whether listed Company No

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

S. No.	Name and Description of main products / services	NIC code of the product/service	% to total turnover of the Company
1.	Manufacturing of Artificial/Engineered Stone/Quartz Surfaces.	23952	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Pokarna Limited				
	105, 01st Floor,				
	Surya Towers, S.P. Road,	L14102TG1991PLC013299	Holding	100%	2(46)
	Secunderabad - 500003,				
	Telangana, India				

IV. SHARE HOLDING PATTERN (Equity Share Capital Break up and percentage of Total Equity):

During the year under review 100% shareholding of the Company, was held by the Holding Company, i.e. Pokarna Limited and its nominees, and there were no changes in the shareholding pattern, during the year under review. None of the Directors or Key Managerial Personnel holds any beneficial interests in the shares of the Company.

INDEBTEDNESS:

(V) Indebtedness of the Company including interest outstanding/accrued but not due for payment as on 31st March, 2016;

				Rs. In La
Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year:				
Principal amount	12552.99	14280.73	-	26833.72
Interest due but not paid	-	-	-	-
Interest accrued but not paid	-	1360.00	-	1360.00
Total (i+ii+iii)	12552.99	15640.73	-	28193.72
Change in indebtedness during the financial year				
Additions	1060.05	-	-	1060.05
Reduction	(1995.38)	(6980.97)*	-	(8976.35)
Net Change	(935.33)	(6980.97)	-	(7916.30)
Indebtedness at the end of the financial year				
Principal amount	11617.66	7299.76	-	18917.42
Interest due but not paid	-	-	-	_
Interest accrued but not paid	60.68	-	-	60.68
Total (i+ii+iii)	11678.34	7299.76	-	18978.10

* The reduction includes the conversion of Optionally Convertible Debentures, which were held by Holding Company, Pokarna Limited, in to Equity Shares of the Company, for details please refer Note 2.3.3. of the financial statements.

VI. Remuneration of Directors and Key Managerial Personnel:

None of the Directors of the Company receives any remuneration from the Company.

Further Company has not appointed any Key Managerial Personnel, pursuant to Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, it is not mandatory for the Company to appoint any Key Managerial Personnel.

VII. Penalties/Punishments/Compounding of Offences pursuant to Companies Act 2013: NIL

To The Members of Pokarna Engineered Stone Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Pokarna Engineered Stone Limited (the Company), which comprise the Balance Sheet as at March 31, 2016, the statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

- 3. Our responsibility is to express an opinion on these financial statements based on our audit.
- 4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and rules made there under.
- 5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
- 7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016 and its Profit and its Cash Flows for the year ended on that date.

Emphasis of matter

9. We draw attention to the Note No.2.3.1b and 2.23 to the financial statements which explain that the Company has opted, during the year, to exit from CDR mechanism and agreed to pay recompense amount of Rs.1751.95 lacs to the bankers and the same has been provided for in the books and disclosed as an 'Exceptional Item-Expense'. The agreed terms of payment of recompense amount are a) upfront payment

of Rs. 151.95 lacs in cash and b) Rs. 1600 lacs by way of non-convertible debentures with a coupon rate of 11% redeemable in three years. The exit from CDR mechanism is subject to approval by the competent authorities of respective banks and the CDR Empowered Group.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- 10. As required by the Companies (Auditors Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the Order) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 11. As required by Section 143 (3) of the Act, we report that
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B.
 - g) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors)
 Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
 - The Company has disclosed the impact of pending litigations as on 31st March 2016 on its financial position in its financial statements (refer Note No.2.24);
 - 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. The provisions relating to transferring amounts to Investor Education and Protection Fund is not applicable to the Company during the year.

For S Daga Co. Chartered Accountants (ICAI FRN000669S)

> (Shantilal Daga) M. No. 011617 Partner

Place: Hyderabad Date: 30.05.2016

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 of the Independent Auditors Report of even date to the members of Pokarna Engineered Stone Limited on the financial statements as of and for the year ended March 31, 2016

- 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) The title deeds of immovable properties, as disclosed in Note 2.7 on fixed assets to the financial statements, are held in the name of the Company.
- (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 registers maintained under Section 180f the Act. Thus, paragraph 3(iii) of the Order is not applicable.
- 4. The Company has not granted any loan to directors or made investments, provided any guarantees and securities to the parties as required under the provisions of Sections 185 and 186 of the Companies Act, 2013 and hence paragraph 3(iv) of the Order is not applicable.
- 5. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of Companies Act, 2013 and the rules framed there under.
- As per information and explanations given to us, the Central Government has not prescribed for maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of its products and hence Clause 3(vi) does not apply.
- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, value added tax, service tax, custom duty, excise duty, cess and other statutory dues as applicable to it, with appropriate authorities. There are no undisputed statutory dues payable except income tax of Rs 3.11 crores (previous year -Nil) for a period of more than six months from the date they became payable as at 31st March, 2016.
 - (b) According to the information and explanations given to us, there are no disputed material dues of Income tax, Sales tax/CST, Service tax, duty of customs, duty of excise, cess were in arrears, as on 31st March 2016. for a period of more than six months from the date they became payable.
- 8. According to the information and explanations given to us and records of the Company examined by us, the Company has not defaulted in repayment of dues (barring delay on few occasions of less than 15 days during the year) to any financial institution or bank or debenture holders as at the Balance Sheet date.
- 9. On the basis of our review of utilization of funds pertaining to term loans on overall basis and related information and explanations as made available to us, the term loans taken by the Company has been utilized for the purpose of which they were obtained. Further, the Company has not raised monies 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 not paid managerial remuneration to directors during the year and accordingly provisions of Clause 3(ix) of the Order are not applicable to the Company.
- 12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- 13. The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standards (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- 15. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- 16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For S. Daga Co. Chartered Accountants (ICAI FRN000669S)

> (Shantilal Daga) M. No. 011617 Partner

Place: Hyderabad Date: 30.05.2016

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 Engineered Stone Limited ("the Company") as of 31st March 2016 in conjunction with our audit of the 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 and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

> (Shantilal Daga) M. No. 011617 Partner

Place: Hyderabad Date: 30.05.2016

Balance Sheet

Rs. In Lacs

	Netes		As at
	Notes	31.03.2016	31.03.2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	417.06	10.00
Reserves & Surplus	2.2	3786.24	(5310.30)
		4203.30	(5300.30)
Non-Current Liabilities			
Long-term Borrowings	2.3	14168.67	20732.44
Other Long-term Liabilities	2.4	-	1360.00
Long-term Provisions	2.5	1813.94	24.22
		15982.61	22116.66
Current Liabilities			
Short-term Borrowings	2.3	3297.63	4617.45
Trade Payables	2.6	1016.41	1373.26
Other Current Liabilities	2.4	1988.51	2000.17
Short-term Provisions	2.5	821.01	121.86
		7123.56	8112.74
Total		27309.47	24929.10
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	2.7	15193.05	15722.36
Capital Work-In-Progress		671.11	122.72
Deferred Tax Asset (net)	2.8	417.51	843.76
Long-term Loans and Advances	2.9	655.09	156.45
Other Non-current Assets	2.13	25.06	-
		16961.82	16845.29
Current Assets			
Inventories	2.10	4871.14	4089.84
Trade Receivables	2.11	4620.13	3032.14
Cash and Bank Balances	2.12	621.25	777.66
Short-term Loans and Advances	2.9	230.05	176.68
Other Current Assets	2.13	5.08	7.49
		10347.65	8083.81
Total		27309.47	24929.10
Significant Accounting Policies	1		
Notes on Financial Statements	2		

The accompanying notes are an integral part of financial statements

As per our report attached

Date : 30th May, 2016

For and on behalf of Board of Directors

For S.Daga & Co.	Gautam Chand Jain	Director
Chartered Accountants	Meka Yugandhar	Director
(F.No.000669S)	Mahender Chand	Director
Shantilal Daga	Prakash Chand Jain	Director
Partner Membership No. 11617	Rahul Jain	Director
Place : Hyderabad	Dhanji Lakhamsi Sawla	Director

Statement of Profit and Loss

		For the	For the
	Notes	year ended	year ended
		31.03.2016	31.03.2015
INCOME			
Revenue from Operations (gross)	2.14	20408.20	14014.57
Less :Customs Duty		260.52	440.98
Revenue from Operations (net)		20147.68	13573.59
Other Income	2.15	397.57	337.69
Total		20545.25	13911.28
EXPENSES			
Cost of Raw Material and Components consumed	2.16	6545.78	4992.47
(Increase) / Decrease in Inventories of Finished Goods,			
Work-in-Progress	2.17	150.30	829.86
Employee Benefits Expense	2.18	794.11	589.55
Other Expenses	2.19	3948.42	3152.32
Total		11438.61	9564.20
Earnings before Interest, Tax, Depreciation and Amortization		9106.64	4347.08
Depreciation and Amortization	2.20	839.14	1183.63
Finance Costs	2.21	2691.57	2153.75
Profit/(Loss) Before Extraordinary items & Tax		5575.93	1009.70
Extraordinary Items -Income	2.22	-	791.96
Exceptional Item -Expense	2.23	1751.95	-
Profit / (Loss) Before Tax		3823.98	1801.66
Tax Expenses			
Current Tax (MAT)		524.16	
Less: MAT credit entitlement		(524.16)	
Deferred Tax		426.25	290.64
Total Tax Expenses		426.25	290.64
Profit / (Loss) After Tax		3397.73	1511.02
Earnings Per Share - Basic & Diluted (in Rs.)		123.86	1511.02
(Par value of Rs. 10/- each)			
Significant Accounting Policies	1		
Notes on Financial Statements	2		

The accompanying notes are an integral part of financial statements

As per our report attached

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

Shantilal Daga Partner Membership No. 11617

Place : Hyderabad Date : 30th May, 2016 For and on behalf of Board of Directors

Director
Director

Rs. In Lacs

Cash Flow Statement

Rs. In Lacs

	For the year ended 31.03.2016	For the year ended 31.03.2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax and Exceptional /Extraordinary Items	5575.93	1009.70
Adjustments:		
Depreciation and amortization expense	839.14	1183.63
Loss/(profit) on sale of fixed assets	(4.94)	(0.08)
Provision for doubtful debts	(28.27)	100.11
Provision for warranties	172.78	111.00
Unrealized foreign exchange (gain) / loss, net	13.32	98.47
Interest expense	2691.57	2153.75
Interest income	(21.60)	(17.28)
Operating profit before working capital changes	9237.93	4639.30
Changes in working capital and other provisions:		
Trade receivables	(1573.81)	(1258.44)
Inventories	(781.30)	604.95
Loans and advances and other assets	(37.53)	(210.10)
Other Liabilities and provisions	96.63	(646.76)
Cash generated from operations	6941.92	3128.95
Income taxes paid, net	0.91	0.90
Net cash flow generated by operating activities	6941.01	3128.05
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and changes in capital work in progress	(867.98)	(58.22)
Proceeds from sale of fixed assets	14.69	0.90
Interest income	21.60	17.28
Net cash used in investing activities	(831.69)	(40.04)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank Borrowings	(923.91)	(740.44)
Other Borrowings	(886.51)	(869.28)
(Exceptional) / Extraordinary Item	(1751.95)	1249.22
Interest expense	(2691.57)	(2153.75)
Net cash generated in financing activities	(6253.94)	(2514.25)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(144.62)	573.76
Add: Cash and Cash equivalents at the beginning of the year	690.59	116.83
Effect of exchange gain on cash and cash equivalents	0.89	-
Cash and cash equivalents at the end of the year	546.86	690.59
Significant Accounting Policies	1	
Notes on Financial Statements	2	

The accompanying notes are an integral part of financial statements

As per our report attached

Date : 30th May, 2016

For and on behalf of Board of Directors

For S.Daga & Co.	Gautam Chand Jain	Director
Chartered Accountants	Meka Yugandhar	Director
(F.No.000669S)	Mahender Chand	Director
Shantilal Daga	Prakash Chand Jain	Director
Partner Membership No. 11617	Rahul Jain	Director
Place : Hyderabad	Dhanji Lakhamsi Sawla	Director

Notes to Financial Statements for the year ended 31 March, 2016

1 Significant Accounting Policies

A Basis of Preparation of Financial Statements

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

B Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

C Revenue Recognition

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

D Recognition of Expenditure

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

E Fixed Assets

- (i) Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any.
- (ii) The cost of Fixed Asset comprises its purchase price, including non-refundable taxes & duties and directly attributable cost of bringing the asset (including leasehold improvements) to its working condition for its intended use.
- (iii) All costs, including borrowing costs till commencement of commercial production, attributable to fixed assets are capitalized.

F Impairment of Assets

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

G Capital Work-in-Progress

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

H Depreciation

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

Lease hold property is amortized over the lease period on straight line basis.

I Investments

Current investments are carried at lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

J Inventories

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

K Employee Benefits

Short-term employee benefits are recognized as an expense in the Statement of Profit and Loss of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

L Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of transaction.
- (ii) Monetary assets & liabilities denominated in foreign currencies are restated at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted during the year.
- (iii) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.
- (iv) In respect of Forward Exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract.

M Leases

Operating lease payments are recognized as expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

N Borrowing Cost

Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing costs are charged to statement of Profit & Loss..

0 Provisions, Contingent Liabilities and Contingent Assets

- (i) Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.
- (ii) Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.
- (iii) Contingent Assets: Contingent Assets are neither recognised or disclosed in the financial statements.

P Accounting for Taxes on Income

(i) Current Tax

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

(ii) Deferred Tax

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

(iii) Minimum Alternate Tax

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

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

2. Notes to Financial Statements:

2.1	Share Capital Rs. In L		
		31.03.2016	31.03.2015
	Authorised:		
	10000000 (2000000) Equity Shares of Rs.10/- each par value	1000.00	200.00
	Issued, Subscribed and fully paid-up:		
	41,70,584 (1,00,000) Equity Shares of Rs.10/- each	417.06	10.00
	Total	417.06	10.00

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

Equity Shares	No.of Shares	No. of shares
At the beginning of the period	100000	100000
Issued during the period	4070584	-
Outstanding at the end of the period	4170584	100000

2.1.2 Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. 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.

During the year ended 31 March 2016 the amount of per share dividend recognised as distribution to equity shareholders was Rs.-Nil-

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.

1.3	Details of shares held by Holding Company			Rs. In Lacs	
		31.03.2016		31.03.2015	
		No. of shares Amount		No. of shares	Amount
	Equity shares of Rs.10/- each fully paid				
	Holding Company - Directly				
	Pokarna Limited	4170584	417.06	100000	10.00

2.1

2.1.4 Details of shareholders holding more than 5% shares in the Company

Details of shareholders holding more than 5% shares in the Company R				
	31.03.	2016	31.03.2015	
	No. of shares % holding		No. of shares	% holding
Equity shares of Rs.10/- each fully paid				
Pokarna Limited	4170584	100	100000	100

2.2 Reserves and Surplus

	31.03.2016	31.03.2015
Securities Premium Account	5698.81	-
Surplus - Balance in Statement of Profit & Loss		
Opening Balance	(5310.30)	(6810.86)
Add: Profit/ (Loss) for the year	3397.73	1511.02
Less: Adjustment of carrying amount of assets	-	10.46
	(1912.57)	(5310.30)
Total	3786.24	(5310.30)

2.3 Borrowings

A. Long-term Borrowings

	Non-current portion		Current maturities	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Secured				
Term Loans				
Indian Rupee Loans from Banks	6861.34	8288.12	1437.90	1449.31
Hire Purchase Loans				
Banks	7.57	-	5.42	0.81
Others	-	7.87	7.80	11.35
Unsecured				
Debentures in Holding Company - Pokarna Limited				
Nil (p.y 61058664) Optionally Convertible				
Debentures- Series-II of Rs.10/- each		6405.00		
(refer note 2.3.3)	-	6105.88	-	-
Loans & Advances from Related Parties				
Loans from Directors	3004.55	3023.05	-	-
Inter Corporate Deposits	4295.21	2849.90	-	-
Loans & Advances from Others				
Inter Corporate Deposits	-	457.62	-	22.36
	14168.67	20732.44	1451.12	1483.83
Amount disclosed under the head				
"Other Current Liabilities" (Note.2.4(B))			(1451.12)	(1483.83)
Total	14168.67	20732.44	-	-

B. Short Term Borrowings

	31.03.2016	31.03.2015
Secured		
From Banks		
- Working Capital Loan	3297.63	2795.53
Unsecured		
From Others - Inter Corporate Deposit		75.00
Dues to Holding Company - Pokarna Limited	-	1746.92
Total	3297.63	4617.45

2.3.1 a. Term Loan & Working capital facilities 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 Company besides personal guarantee of the Directors (other than independent directors) and their relative. Further 51% of the shares held by Pokarna Limited in the Company are also pledged against the borrowing from the Banks.

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

Rate of Interest	2016-17	2017-18	2018-19	2019-20	2020-21
8% to 11%	1437.90	1623.23	1652.21	1652.21	1933.69

Corporate Debt Restructuring (CDR):

b. Term Loans and Working Capital facilities restructured under Corporate Debt Restructuring("CDR") mechanism vide approval letter dt.17.01.2012 for a period up to 31.01.2021. The Company has opted, during the year, to exit from the CDR mechanism and agreed to pay recompense amount of Rs.1751.95 lacs, which has been provided for in the books. The agreed terms of payment of recompense amount are a). upfront payment of Rs.151.95 lacs in cash and b).Rs.1600 lacs by way of non-convertible debentures with a coupon rate of 11% redeemable in three years. The exit from CDR mechanism is subject to approval by the competent authorities of respective banks and the CDR Empowered Group.

2.3.2 Hire purchase loans are secured by hypothecation of respective assets purchased out of finance, and personal guarantee of some of the Directors (other than independent directors).

2.3.3 **Optionally Convertible Debentures - Series-II**

During the year, Pokarna Limited (debenture holder) has opted to convert 6,10,58,764/- Optionally Convertible Unsecured Debentures of Rs.10/- each and the same have been converted into 40,70,584/- Equity shares of Rs.10/- each at a premium of Rs.140/- as per the provisions under the scheme of arrangement approved by Hon'ble High court of Andhra Pradesh.

2.4	Other Liabilities		Rs. In Lacs
		31.03.2016	31.03.2015
	A. Other Long-term Liabilities		
	Interest accrued but not due on borrowings	-	1360.00
	Total	-	1360.00
	B. Other Current Liabilities		
	Advance from Customers	77.77	186.51
	Creditors for Capital Expenditure	211.03	26.01
	Current Maturities of Long term Borrowings (refer note.2.3(A))	1451.12	1483.83
	Interest accrued but not due on borrowings	60.68	-
	Statutory Liabilities	40.91	49.17
	Other Payables	147.00	254.65
	Total	1988.51	2000.17

R	s.in	Lacs	

			31.03.20	16	31.03.2015
A. Long-term Provisions					
Provision for Employee Benefits					
for Gratuity			48.	.30	18.95
for Compensated absences			13	.69	5.27
Other Provisions					
Recompense payable to Banks (re	fer notes 2.3.1b)		1751	.95	-
Total			1813	.94	24.22
B. Short-term Provisions					
for Gratuity			0.	.59	0.69
for Compensated absences			14	.56	10.17
for Warranties (refer notes 2.5.1)			283	.78	111.00
for Income Tax			522	.08	-
Total			821	.01	121.86
		Provisio	on during the	Provisio	n Closing
Particulars	Opening Balance		year	utilized	Balance
2.5.1 Provision for warranty	111.00	1	.72.78	-	283.78
Trade Payables					
			31.03.20	16	31.03.2015
Others (other than MSMED)			1016.	41	1373.26
Total			1016.	41	1373.26

2.8 Deferred Tax Asset (net)

2.6

	31.03.2016	31.03.2015
Deferred Tax Asset		
Carryover Losses	780.81	1662.97
Others	678.64	37.73
Provision for doubtful debts	24.86	34.02
	1484.31	1734.72
Deferred Tax Liabilities		
Depreciation	1066.80	890.96
	1066.80	890.96
	417.51	843.76

2.9 Loans & Advances

	31.03.2016	31.03.2015
A. Long-term Loans and Advances		
Unsecured, considered good	21.99	71.91
Capital Advances	89.28	64.88
Security Deposit	524.16	-
MAT credit entitlement	19.66	19.66
Other Advances		
Total	655.09	156.45
B. Short-term Loans and Advances		
Unsecured, considered good		
Advance for Raw Material	66.23	75.39
Advance Income Tax	2.60	3.77
Prepaid Expenses	121.93	27.81
Other Advances	39.29	69.71
Total	230.05	176.68

POKARNA ENGINEERED STONE LIMITED NOTES FORMING PART OF THE BALANCE SHEET

Notes - 2.7

FIXED ASSETS

Rs. In Lacs

		Gros	Gross Block			De	Depreciation		Net Block	lock
Description	As on	с а. с. 14: 1- 1- V	Deletions /	As on	Upto	For the	Deletions /	As on	As on	As on
	01.04.2015	Additions	Adjustments	31.03.2016	31.03.2015	Period	Adjustments	31.03.2016	31.03.2016	31.03.2015
Tangible Assets:										
Land-Leasehold	1186.55		ı	1186.55	276.05	35.95	ı	312.00	874.55	910.50
	(1186.55)		I	(1186.55)	(240.09)	(35.96)	I	(276.05)	(910.50)	(946.46)
Vehicles	100.92	15.91	2.99	113.84	55.46	14.17	1.69	67.94	45.90	45.46
	(100.92)		I	(100.92)	(40.92)	(14.54)	I	(55.46)	(45.46)	(00.00)
Furniture's & Fixtures	124.84	0.62		125.46	40.08	13.48	ı	53.56	71.90	84.76
	(112.58)	(13.53)	(1.27)	(124.84)	(25.70)	(14.38)	I	(40.08)	(84.76)	(86.88)
Computers	30.38	7.29	1.92	35.75	23.45	3.83	1.82	25.46	10.29	6.93
	(27.58)	(2.80)	I	(30.38)	(15.84)	(7.61)	I	(23.45)	(6.93)	(11.74)
Plant and Machinery	15162.69	224.67	I	15387.36	4361.17	519.18	ı	4880.35	10507.01	10801.52
	(15489.73)	(15.42)	(342.46)	(15162.69)	(3776.37)	(584.80)	I	(4361.17)	(10801.52)	(11713.36)
Factory Building	3588.63	37.94	ı	3626.57	677.54	111.02	ı	788.56	2838.01	2911.09
	(3668.20)	ı	(79.57)	(3588.63)	(557.31)	(120.23)	I	(677.54)	(2911.09)	(3110.89)
Building	662.01	·	I	662.01	322.11	15.71	ı	337.82	324.19	339.90
	(675.16)		(13.15)	(662.01)	(44.67)	(277.70)	(0.26)	(322.11)	(339.90)	(630.49)
Electrical Installation	913.03	29.38	13.87	928.54	357.19	110.04	5.50	461.73	466.81	555.84
	(931.02)	(3.90)	(21.89)	(913.03)	(227.54)	(129.65)	I	(357.19)	(555.84)	(703.48)
Office Equipment	99.46	3.78	ı	103.24	33.10	15.75	ı	48.85	54.39	66.36
	(91.94)	(7.52)	1	(99.46)	(18.49)	(14.61)	1	(33.10)	(66.36)	(73.45)
Total	21868.51	319.59	18.78	22169.32	6146.15	839.13	9.01	6976.27	15193.05	15722.36
Previous Year	(22283.68)	(43.17)	(458.34)	(21868.51)	(4946.93)	(1199.48)	(0.26)	(6146.15)	(15722.36)	(17336.75)

2.7.1 - The lease hold land located at APSEZ, Achutapuram, Visakhapatnam for manufacturing of Engineered Stone / Quartz Surfaces etc., for a period of 33 years and is subject to further renewal of 33 years.

2.10

Inventories		Rs. In Lacs
	31.03.2016	31.03.2015
Raw Material	819.33	403.97
(includes in transit Rs.11.42 Lacs (p.y.Rs.12.04 Lacs))		
Work-in-progress	505.94	748.89
Finished Goods	2588.49	2495.84
Consumables, Stores & Spares	904.97	414.12
(includes in transit Rs.2.22 Lacs (p.y.Rs.5.20 Lacs))		
Packing Material	52.41	27.02
Total	4871.14	4089.84

2.11 Trade Receivables

	31.03.2016	31.03.2015
Unsecured		
Outstanding for a period exceeding six months		
Considered good	294.47	124.85
Doubtful	102.92	100.11
Other receivables		
Considered good	4294.58	2907.29
	4691.97	3132.25
Less: Provision for doubtful debts	71.84	100.11
Total	4620.13	3032.14

2.12 Cash and Bank Balances

	Curr	rent
	31.03.2016	31.03.2015
Cash and Cash Equivalents		
Balances with Banks in current accounts	414.02	595.67
Deposits - Margin Money		
with maturity less than three months	132.59	94.81
Cash in Hand	0.25	0.11
	546.86	690.59
Other Bank Balances		
Deposits - Margin Money		
with maturity for more than 3 months but less than 12 months	74.39	87.07
Total	621.25	777.66

2.13 Other Assets

	31.03.2016	31.03.2015
Other Non- Current Assets		
Non-current Bank Balances		
Deposits with maturity for more than 12 months		
Margin Money deposits	24.07	-
Interest accrued on fixed deposits	0.99	-
	25.06	-
Other Current Assets		
Interest accrued on fixed deposits	5.08	7.49
Total	5.08	7.49

2.14 Revenue from Operations

Revenue from Operations Rs.		
	31.03.2016	31.03.2015
Sale of Products		
Finished Goods (Quartz Surfaces)	20391.09	14007.14
Other Operating Income		
Scrap Sales	17.11	7.43
Revenue from Operations (Gross)	20408.20	14014.57

2.15 Other Income

	31.03.2016	31.03.2015
Interest income on		
Bank Deposits	16.58	13.60
Others	5.02	3.68
Miscellaneous Income	0.39	0.85
Provision written back	28.27	-
Profit on sale of Asset	5.61	0.08
Foreign Exchange Gain	341.70	319.48
Total	397.57	337.69

2.16 Cost of Raw Material and Components consumed

(Quartz, Chemicals etc.,)		
	31.03.2016	31.03.2015
Opening Stock	403.96	297.58
Add: Purchases	6961.15	5098.86
	7365.11	5396.44
Less: Closing Stock	819.33	403.97
Total	6545.78	4992.47

2.17 (Increase) / Decrease in Inventories

(Quartz, Chemicals etc.,)

	31.03.2016	31.03.2015
Opening Stock		
Finished Goods	2495.84	3394.58
Work-in-Process	748.89	680.01
	3244.73	4074.59
Less: Closing Stock		
Finished Goods	2588.49	2495.84
Work-in-Process	505.94	748.89
	3094.43	3244.73
Total	150.30	829.86

2.18 Employee Benefits Expense

	31.03.2016	31.03.2015
Salaries, Wages, Bonus and Allowances	652.47	503.81
Contribution to Provident Fund	41.71	34.24
Retirement Benefits	38.60	14.01
Staff Welfare Expenses	61.33	37.49
Total	794.11	589.55

Other Expenses		
	31.03.2016	31.03.2015
Consumption of Stores & Spares	1804.49	1239.23
Processing expenses	44.48	37.57
Power and Fuel	561.48	413.12
Repairs and Maintenance:-		
- Plant and Machinery	80.67	36.56
- Building	45.70	15.62
- Others	4.58	6.57
Lease Rent	11.86	11.86
Rent	26.11	15.77
Rates and Taxes	28.82	25.19
Insurance	96.84	92.12
Communication Charges	12.67	4.40
Printing & Stationery	10.39	9.17
Travelling & Conveyance Expenses	32.21	29.96
Electricity Charges	7.66	8.14
Vehicle Maintenance	32.74	33.53
Auditors Remuneration	6.16	2.82
Legal and Professional Charges	88.01	35.38
Directors Sitting Fees	3.83	2.70
Donations	5.00	-
Carriage Outwards	205.13	567.31
Sales Commission		2.81
Discounts and Claims	51.97	19.54
Business Promotion Expenses	266.63	45.61
Provision for Doubtful Debts	-	100.11
Provision for Warranties	172.78	111.00
Packing Material	214.31	151.46
Fee & Subscriptions	2.32	3.24
Sales Tax	27.56	40.28
Bank Charges	100.27	65.01
Loss on sale of assets	0.67	_
Loss of assets in cyclone		24.22
Miscellaneous Expenses	3.08	2.02
Total	3948.42	3152.32

2.19.1 Auditors Remuneration

	31.03.2016	31.03.2015
Particulars		
Statutory Audit	3.50	1.50
Tax Audit	0.75	0.50
Certification	1.82	0.72
Out of pocket expenses	0.09	0.10

2.20 Depreciation & Amortization

	31.03.2016	31.03.2015
Depreciation on tangible assets	839.14	1183.63
Total	839.14	1183.63

2.21 Fi

Finance Costs Rs.		
	31.03.2016	31.03.2015
Interest on Borrowings:		
- Banks	1304.09	1422.56
- Others	1296.35	437.60
Interest on Taxes / Duties	26.39	7.00
Cost of Interest on Debentures (refer notes 2.21.1)	64.74	286.59
Total	2691.57	2153.75

2.21.1 Variable coupon / interest on debentures has been computed and accounted for as equivalent to all costs / expenditure incurred including foreign exchange gain / loss associated with the FCCBs issued by the parent Company which are transferred by them as per the scheme of Arrangement and agreement thereto for Optionally Convertible Debentures of Rs.Nil (p.y. Rs.133.36 lacs) and interest @3% on Series-II Optionally Convertible Debentures is of Rs.64.74 lacs (p.y.Rs.153.23 lacs).

2.22 Extra-ordinary Item - Income

During the year Rs.Nil - previous year, the parent Company had redeemed 2461 Zero coupon Foreign Currency Convertible Bonds at a negotiated discount price, resulting in gain / benefit of Rs.791.96 Lacs, which was transferred by parent Company in terms of Scheme of arrangement and agreement thereto. This was disclosed separately as an Extra-Ordinary item in the financial statements in the previous year.

2.23 Exceptional Item - Expense

The Company has opted, during the year, to exit from the CDR mechanism and agreed to pay recompense amount of Rs.1751.95 lacs to the respective banks, which has been provided for in the books and disclosed separately as an Exceptional Item - expense, in the financial statements (refer note no.2.3.1b).

2.24 Contingent Liabilities not provided for

		Particulars	31.03.2016	31.03.2015
a)	Lette	er of Credits outstanding	72.13	166.87
b)	Bond	Cum-Legal Undertaking has been issued in favour of President of India acting		
	throu	ugh Development Commissioner of Visakhapatnam Special Economic Zone for setting	4511.00	6250.00
	up a	\ensuremath{SEZ} unit for availing exemption from payment of duties, taxes or cess or drawback	4511.00	0250.00
	and	concession etc.,		
C)	Clain	ns against the Company / disputed liabilities not acknowledged as debts:		
	(i)	Fuel Surcharge adjustment (FSA) claim to the extent billed by Power distribution	0.85	0.85
		Companies of AP.	0.85	0.85
	(ii)	Other Claims	26.93	26.93
	(iii)	The recompense amount payable in lieu of lenders sacrifice, under CDR proposal,		2359.00
		as computed by the management.	-	2359.00
	(iv)	In view of the amendment in The Payment of Bonus Act, 1965 notified on 1 January		
		2016, which was effective retrospectively from 1st April, 2014, the Company on the		
		legal advice has decided not to consider it on account of the interim order dated 26th	32.83	-
		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.		

2.25 Capital Commitments

	31.03.2016	31.03.2015
Estimated amount of contracts remaining to be executed on Capital Account not provided for	140.45	136.18

2.26 Financial and Derivative Instruments

	31.03.2016	31.03.2015
Foreign currency exposure that are not hedged by derivative or forward	3601.04	2670.75
contracts as on 31st March 2016	5001.04	2010.15

2.27	Deferred Tax	Rs. In Lacs	
		31.03.2016	31.03.2015
	Deferred Tax Asset		
	Provision for Debtors	-	34.03
	Others	640.91	37.73
	Total	640.91	71.76
	Deferred Tax Liabilities		
	Depreciation	175.84	95.14
	Provision for Debtors	9.16	
	Carryover Losses	882.16	267.26
	Total	1067.16	362.40
	Net Deferred Tax Asset / (Liability)	(426.25)	(290.64)

2.28 Related Party Disclosures :

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

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

- a) Enterprises where control exists: There are no subsidiary companies where control exists
- b) Names of the Associates:
 Pokarna Fabrics Limited, Pokarna Fashions Limited, Pokarna Marketing Limited, Southend, Southend Extension
- c) Names of Key Management Personnel

Gautam Chand Jain, Rahul Jain, Apurva Jain

d) Names of Relatives

Prakash Chand Jain, Ashok Chand Jain, Raaj Kumar Jain, Vidya Jain, Rekha Jain, Anju Jain, Ritu Jain, Chaya Jain, Pratik Jain, Neha Jain, Nidhi Jain, Suvidh Chordia, Gautam Chand Jain (HUF), Prakash Chand Jain (HUF), Ashok Chand Jain (HUF)

(ii) Transactions during the year with	Rs. In Lacs			
Nature of the Transaction	Associates	Key Management Personnel	Relatives	Total
Purchases				
Goods and Services, net	0.23	-	-	0.23
	(0.38)	-	-	(0.38)
Sales				
Goods and Services, net	2.00	-	-	2.00
	(5.94)	-	(1.19)	(7.13)
Fixed Asset	-	-	-	-
	-	(1.24)	-	(1.24)
Expenses				
Rent	-	-	26.11	26.11
	-	-	(15.78)	(15.78)
Interest	592.12	316.70	108.70	1017.52
	(256.49)	-	-	(256.49)
Sitting Fees	-	-	0.40	0.40
	-	-	(0.40)	(0.40)
Loans & Advances				
Loan Received	-	-	-	-
	-	-	(495.00)	(495.00)
Loan Repaid	-	108.89	45.00	153.89
	-	(87.06)	-	(87.06)
Oustandings				
Payables	4295.20	2247.44	757.13	7299.77
	(4164.96)	(2289.49)	(778.50)	(7232.95)
Receivables	-	-	-	-
	(4.71)	(1.24)	(23.21)	(29.16)

.No	Particulars	Relationship	2015-16	2014-15
1	Purchases			
	Goods and Services, net			
	Pokarna Fabrics Limited	Associate	0.23	0.38
2	Sales			
	Goods and Services, net			
	Pokarna Fashions Limited	Associate	2.00	5.94
	Prakash Chand Jain	Relative	-	1.19
	Fixed Asset			
	Gautam Chand Jain	Key Management Personnel	-	1.24
3	Expenses			
	Rent			
	Rekha Jain	Relative	15.99	15.78
	Ashok Chand Jain (HUF)	Relative	5.41	-
	Anju Jain	Relative	4.71	-
	Interest			
	Pokarna Fabrics Limited	Associate	473.75	204.74
	Pokarna Marketing Limited	Associate	118.36	51.75
	Gautam Chand Jain	Key Management Personnel	193.54	-
	Rahul Jain	Key Management Personnel	123.16	-
	Prakash Chand Jain	Relative	108.71	-
	Sitting Fee			
	Prakash Chand Jain	Relative	0.40	0.40
4	Loans & Advances			
	Loan Received			
	Prakash Chand Jain	Relative	-	495.00
	Loan Repaid			
	Gautam Chand Jain	Key Management Personnel	108.89	87.06
	Prakash Chand Jain	Relative	45.00	-
5	Oustandings			
	Payables			
	Pokarna Fabrics Limited	Associate	3435.12	3330.55
	Pokarna Marketing Limited	Associate	860.09	834.42
	Gautam Chand Jain	Key Management Personnel	1339.93	1408.89
	Rahul Jain	Key Management Personnel	907.50	880.60
	Prakash Chand Jain	Relative	757.13	778.50
	Receivables			
	Pokarna Fashions Limited	Associate	-	4.71
	Gautam Chand Jain	Key Management Personnel	-	1.24
	Prakash Chand Jain	Relative	-	1.19
	Suvidh Chordia	Relative	-	22.01

Rs. In Lacs

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

SI.No	Particulars	31.03.2016	31.03.2015
a)	Principal amount remaining unpaid and interest due thereon	Nil	Nil
b)	Interest paid in term of Section 16	Nil	Nil
c)	Interest due and payable for the period of delay in payment	Nil	Nil
d)	Interest accrued and remaining unpaid	Nil	Nil
e)	Interest due and payable even in succeeding years	Nil	Nil

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

2.30 Earnings Per Share (EPS)

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

Particulars	31.03.2016	31.03.2015
Basic and Diluted Earnings Per Share		
Numerator for Basic earnings per share:		
Profit attributable to the Equity Share Holders	3397.73	1511.02
Denominator for Basic earnings per share:		
Basic / Weighted Average number of shares	2743092	100000
Basic / Diluted Earnings Per Share (in Rs.)	123.86	1511.02

2.31 Segment Reporting

Company is having only one reportable segment i.e., Quart Surfaces, Information about geographical wise sale is as follows:

Country	31.03.2016	31.03.2015
U.S.A	16082.33	9838.16
Europe	1177.20	732.20
Australia	-	1.68
India	869.46	1464.17
Rest of the World	2018.69	1537.38
Total	20147.68	13573.59

2.32 Employee Benefits:

Particulars	31.03.2016	31.03.2015
Defined Contribution Plan		
Employer's contribution to Provident Fund	41.71	34.24

Defined Benefit Plan

The present value of Gratuity 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.

			tuity		Compensated Absence (Unfunded)	
	Particulars		nded)			
		Year Ended	Year Ended	Year Ended	Year Ended	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015	
a)	Reconciliation of opening and closing balances of the present value of the					
	Projected Benefit Obligation					
	Projected Benefit Obligation					
	at Beginning of year	19.63	10.90	5.66	3.06	
	Current service cost	6.70	6.35	5.68	4.61	
	Past Service Cost	-	-	-	-	
	Interest cost	1.51	0.91	0.42	0.22	
	Actuarial(Gain)/Loss	21.37	2.93	2.92	(1.01)	
	Benefits paid	(0.32)	(1.46)	(0.60)	(1.22)	
	Projected Benefit Obligation at year end	48.89	19.63	14.08	5.66	
b)	Reconciliation of fair value of assets					
	and Obligation					
	Fair value of Plan assets	N.A	N.A	N.A	N.A	
	Present value of Projected Benefit	40.00	19.63	14.00	5.66	
	obligation	48.89	19.03	14.08	00.6	
	Amount recognized in Balance Sheet	(48.89)	(19.63)	(14.08)	(5.66)	
c)	Expenses recognized during the					
	year Under the head "Personnel					
	Costs".					
	Current service cost	6.70	6.35	5.68	4.61	
	Interest cost	1.51	0.91	0.42	0.22	
	Past Service Cost	-	-	-	-	
	Expected return on Plan Assets	-	-	-	-	
	Actuarial(Gain)/Loss	21.37	2.93	2.92	(1.01)	
	Income(-)/Expenses(+) recognized in	29.58	10.19	9.02	3.82	
	the statement of Profit & Loss	20.00	10.13	5.02	0.02	

		2006-08	2006-08	2006-08	2006-08
d)	Actuarial Assumptions				
	Mortality Table (L.I.C)	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
	Discount rate (per annum)	7.76%	7.77%	7.46%	7.77%
	Rate of escalation in salary (per annum)	8.00%	5.00%	8.00%	5.00%
	Attrition Rate	5.00%	5.00%	5.00%	5.00%

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

2.33 Provisions

	Carrying amount	Additional	Amount written	Amount reversed	Unused
Particulars	as at April	Provisional made	off during the	during the year	as at
	1,2015	during the year	year		March 31, 2016
Provision for Doubtful Debts	100.11	-	-	28.27	71.84

2.34 a) Details of imported and indigenous raw materials, consumables, stores & spares consumed during the year:

- /						
	Class of Goods		31.03.2016		31.03.2015	
			Value		Value	%
	Raw Material	Imported	518.00	7.91	212.23	4.25
		Indigenous	6027.78	92.09	4780.24	95.75
		Total	6545.78	100.00	4992.47	100.00
	Consumables, Stores & Spares	Imported	1187.05	65.78	801.31	64.66
		Indigenous	617.44	34.22	437.92	35.34
		Total	1804.49	100.00	1239.23	100.00

b)	Value of imports calculated on C.I.F basis in respect of:	

	31.03.2016	31.03.2015
Raw Material	692.89	177.36
Components and Spare parts	1923.23	833.29
Capital Items	663.17	8.94

Rs. In Lacs

c) Earnings in foreign currency

	31.03.2016	31.03.2015
Revenue from Export Sales on FOB basis	19246.39	11688.50

d) Expenditure in foreign currency

	31.03.2016	31.03.2015
Travel & Conveyance	3.83	8.31
Business Promotion	159.20	-
Professional & Consultancy	31.81	10.21
Others	21.11	5.91

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

As per our report attached

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

Shantilal Daga Partner Membership No. 11617

Place : Hyderabad Date : 30th May, 2016 For and on behalf of Board of Directors

Gautam Chand Jain	Director
Meka Yugandhar	Director
Mahender Chand	Director
Prakash Chand Jain	Director
Rahul Jain	Director
Dhanji Lakhamsi Sawla	Director

Pokarna Engineered Stone Limited

REGISTERED OFFICE 105, First Floor, Surya Towers, Sardar Patel Road, Secunderabad - 500003, Telangana India. Tel: 91-40-27842182, 27844101, 66266777, Fax: 91-40-27842121 CIN No.: U17219TG2001PLC036015 Email: contact@quantra.in Website: www.quantra.in





