

**FINANCIAL STATEMENTS
OF
POKARNA ENGINEERED STONE LIMITED
2016-17**

INDEPENDENT AUDITORS' REPORT

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, 2017, the statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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, 2017 and its Profit and its Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditors Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the Order) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143 (3) of the Act, we report that
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B.
 - g) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
 - i. The Company has disclosed the impact of pending litigations as on 31st March 2017 on its financial position in its financial statements;
 - ii. The Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts. The Company neither entered into any derivative contract during the year nor have any outstanding derivative contract at the end of the year;
 - iii. The provisions relating to transferring amounts to Investor Education and Protection Fund is not applicable to the Company during the year.
 - h) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note.2.12.1 to the financial statements.

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

(Shantilal Daga)

M. No. 011617

Partner

Place: Hyderabad

Date: 08.05.2017

Annexure - A to the Auditors' Report

Referred to in paragraph 9 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, 2017

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) Fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) (i) The title deeds of immovable properties, as disclosed in Note 2.8 on fixed assets to the financial statements, are held in the name of the company.
(ii) In respect of immovable properties of land that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the company, the company is the lessee in the agreement.
2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
(b) On the basis of our examination of the inventory records, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records have been properly dealt with by the company.
3. The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Thus, paragraph 3(iii) of the Order is not applicable.
4. 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.
6. 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.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, value added tax, service tax, custom duty, excise duty, cess and other statutory dues as applicable to it, with appropriate authorities. There are no undisputed statutory dues payable except advance income tax (this year - NIL) (previous year - Rs 3.12 crores) for a period of more than six months from the date they became payable as at 31st March, 2017.
(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 2017 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 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 paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the company.
13. The company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standards (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

(Shantilal Daga)

M. No. 011617

Partner

Place: Hyderabad

Date: 08.05.2017

Annexure - B to the 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 2017 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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

(Shantilal Daga)

M. No. 011617

Partner

Place: Hyderabad

Date: 08.05.2017

Balance Sheet

Rs. In Lacs

	Notes	As at 31.03.2017	As at 31.03.2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	417.06	417.06
Reserves & Surplus	2.2	9579.05	3786.24
		9996.11	4203.30
Non-Current Liabilities			
Long-term Borrowings	2.3	13341.60	14168.67
Other Long-term Liabilities	2.4	710.22	-
Long-term Provisions	2.6	97.59	1813.94
		14149.41	15982.61
Current Liabilities			
Short-term Borrowings	2.3	3014.63	3297.63
Trade Payables	2.7	1612.74	1016.41
Other Current Liabilities	2.5	3060.61	1988.51
Short-term Provisions	2.6	741.76	821.01
		8429.74	7123.56
Total		32575.26	27309.47
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	2.8	15560.26	15193.05
Capital Work-In-Progress		94.43	671.11
Deferred Tax Asset (net)	2.4	-	417.51
Long-term Loans and Advances	2.9	3417.02	655.09
Other Non-current Assets	2.13	5.17	25.06
		19076.88	16961.82
Current Assets			
Inventories	2.10	6407.28	4871.14
Trade Receivables	2.11	4593.04	4620.13
Cash and Bank Balances	2.12	2167.01	621.25
Short-term Loans and Advances	2.9	321.37	230.05
Other Current Assets	2.13	9.68	5.08
		13498.38	10347.65
Total		32575.26	27309.47
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 : 8th May, 2017

For and on behalf of Board of Directors

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

Meka Yugandhar
Director
(D.No: 00012265)

Rahul Jain
Director
(D.No: 00576447)

Apurva Jain
Director
(D.No: 06933924)

Statement of Profit and Loss

Rs. In Lacs

	Notes	For the year ended 31.03.2017	For the year ended 31.03.2016
INCOME			
Revenue from Operations (gross)	2.14	22212.34	20391.09
Less :Customs Duty		75.31	260.52
Revenue from Operations (net)		22137.03	20130.57
Other Income	2.15	476.20	414.68
Total		22613.23	20545.25
EXPENSES			
Cost of Raw Material and Components consumed	2.16	7586.52	6545.78
(Increase) / Decrease in Inventories of Finished Goods,			
Work-in-Progress	2.17	(1493.76)	150.30
Employee Benefits Expense	2.18	1115.69	794.11
Other Expenses	2.19	4931.70	3948.42
Total		12140.15	11438.61
Earnings before Interest, Tax, Depreciation and Amortization		10473.08	9106.64
Depreciation and Amortization	2.20	907.04	839.14
Finance Costs	2.21	2465.07	2691.57
Profit/(Loss) Before Extraordinary items & Tax		7100.97	5575.93
Exceptional Item -Expense	2.22	-	1751.95
Profit / (Loss) Before Tax		7100.97	3823.98
Tax Expenses			
Current Tax (MAT)		1548.13	524.16
Less: MAT credit entitlement		(1298.08)	(524.16)
Deferred Tax	2.26	1127.73	426.25
Prior Year Tax		(69.62)	-
Total Tax Expenses		1308.16	426.25
Profit / (Loss) After Tax		5792.81	3397.73
Earnings Per Share - Basic & Diluted (in Rs.)	2.28	138.90	123.86
(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 : 8th May, 2017

For and on behalf of Board of Directors

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

Meka Yugandhar
Director
(D.No: 00012265)

Rahul Jain
Director
(D.No: 00576447)

Apurva Jain
Director
(D.No: 06933924)

Cash Flow Statement

Rs. In Lacs

	For the year ended 31.03.2017	For the year ended 31.03.2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax and Exceptional /Extraordinary Items	7100.97	5575.93
Adjustments:		
Depreciation and amortization expense	907.04	839.14
Loss/(profit) on sale of fixed assets	(0.06)	(4.94)
Provision for doubtful debts	(40.45)	(28.27)
Provision for warranties	193.53	172.78
Unrealized foreign exchange (gain) / loss, net	(75.00)	13.32
Interest expense	2465.07	2691.57
Interest income	(31.08)	(21.60)
Operating profit before working capital changes	10520.02	9237.93
Changes in working capital and other provisions:		
Trade receivables	37.85	(1573.81)
Inventories	(1536.15)	(781.30)
Loans and advances and other assets	(1579.28)	(37.53)
Other Liabilities and provisions	1391.69	96.63
Cash generated from operations	8834.13	6941.92
Income taxes paid, net	(1390.56)	(0.91)
Net cash flow generated by operating activities	7443.57	6941.01
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and changes in capital work in progress	(698.42)	(867.98)
Proceeds from sale of fixed assets	0.91	14.69
Interest income	31.08	21.60
Net cash used in investing activities	(666.43)	(831.69)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank Borrowings	(2309.47)	(923.91)
Other Borrowings	(568.71)	(886.51)
(Exceptional) / Extraordinary Item	-	(1751.95)
Interest expense	(2465.07)	(2691.57)
Net cash generated in financing activities	(5343.25)	(6253.94)
Net Increase/ (Decrease) in Cash and Cash Equivalents	1433.89	(144.62)
Add: Cash and Cash equivalents at the beginning of the year	546.86	690.59
Effect of exchange gain on cash and cash equivalents	76.31	0.89
Cash and cash equivalents at the end of the year	2057.06	546.86
Significant Accounting Policies	1	
Notes on Financial Statements	2	

The accompanying notes are an integral part of financial statements

As per our report attached

For and on behalf of Board of Directors

For S.Daga & Co.

Chartered Accountants
(F.No.000669S)

Shantilal Daga

Partner
Membership No. 11617

Place : Hyderabad

Date : 8th May, 2017

Gautam Chand Jain

Managing Director
(D.No: 00004775)

Meka Yugandhar

Director
(D.No: 00012265)

Rahul Jain

Director
(D.No: 00576447)

Apurva Jain

Director
(D.No: 06933924)

Notes to Financial Statements for the year ended 31 March, 2017

1 Significant Accounting Policies

A Basis of Preparation of Financial Statements

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

B Use of Estimates

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

C Revenue Recognition

- (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. Subsequent upgradation / enhancements which results in an increase in the future benefits from such assets, beyond the previously assessed standard of performance, are also capitalised. Machinery spares which can be used only in connection with an item of tangible assets and whose use is not regular nature are written off over the estimated useful life of relevant assets.
- (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 and amortization

a. Owned assets:

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

b. Leased Assets:

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

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

I Investments

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

J Inventories

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

K Employee Benefits

a. Short Term Employee Benefits:

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

b. Post -employment Benefits:

Defined contribution plans:

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

Defined benefit plans:

For defined benefit schemes in the form of gratuity fund, provident fund and post retirement medical benefits, the cost of providing benefits is determined using the Project Unit Credit Method, with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discounting rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date, having maturity periods approximately to the terms of related obligations. Actuarial gains/losses are recognised in full in the statement of profit and loss, for the period in which they occur.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligations

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

c. Long-term employee benefits:

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

d. Termination benefits:

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

L Foreign Currency Transactions

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

M Leases

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

The Company as a lessee:

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

N Borrowing Cost

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

O Provisions, Contingent Liabilities, Contingent Assets and commitments

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

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

P Accounting for Taxes on Income

(i) Current Tax

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

(ii) Deferred Tax

Deferred tax assets and liabilities are recognised by computing the tax effect on timing differences which arise during the year and reverse in the subsequent periods. The 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.

Q Cash and Cash Equivalents

- (a) Cash comprises cash on hand and demand deposits with banks

- (b) Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

R Segment Accounting

- (a) Segment accounting policies:

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

- (1) Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
- (2) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.
- (3) Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.
- (4) Segment result includes margins on inter-segment and sales which are reduced in arriving at the profit before tax of the Company
- (5) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

- (b) Inter-segment transfer pricing:

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

S Earning Per Share

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

2. Notes to Financial Statements:

2.1 Share Capital

	Rs. In Lacs	
	31.03.2017	31.03.2016
Authorised:		
1,00,00,000 (1,00,00,000) Equity Shares of Rs.10/- each par value	1000.00	1000.00
Issued, Subscribed and fully paid-up:		
41,70,584 (41,70,584) Equity Shares of Rs.10/- each	417.06	417.06
Total	417.06	417.06

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	4170584	100000
Issued during the period	-	4070584
Outstanding at the end of the period	4170584	4170584

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 2017 the amount of per share dividend recognised as distribution to equity shareholders was Rs.-Nil- (previous year - 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.

2.1.3 Details of shares held by Holding company

	31.03.2017		31.03.2016	
	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs.10/- each fully paid				
Holding Company - Directly				
Pokarna Limited	4170584	417.06	4170584	417.06

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

	31.03.2017		31.03.2016	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs.10/- each fully paid				
Pokarna Limited	4170584	100	4170584	100

2.2 Reserves and Surplus

Rs. In Lacs

	31.03.2017	31.03.2016
Securities Premium Account	5698.81	5698.81
Debenture Redemption Reserve		
Opening Balance	-	-
Add: Transferred from Surplus	265.50	-
	265.50	-
Debenture Redemption Reserve		
Opening Balance	(1912.57)	(5310.30)
Add: Profit/ (Loss) for the year	5792.81	3397.73
Less: Transferred to Debenture Redemption Reserve	265.50	-
	3614.74	(1912.57)
Total	9579.05	3786.24

2.3 Borrowings

A. Long-term Borrowings

	Non-current portion		Current maturities	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Secured				
Term Loans				
Indian Rupee Loans from Banks	5339.88	6861.34	1616.68	1437.90
Finance Lease Obligations				
Banks	14.47	7.57	12.49	5.42
Others	-	-	-	7.80
Unsecured				
Debentures (refer notes 2.3.3)	530.98	-	531.01	-
Loans & Advances from Related Parties				
Loans from Directors	2618.51	3004.55	-	-
Inter Corporate Deposits	4837.76	4295.21	-	-
	13341.60	14168.67	2160.18	1451.12
Amount disclosed under the head "Other Current Liabilities" (Note.2.5)			(2160.18)	(1451.12)
Total	13341.60	14168.67	-	-

B. Short Term Borrowings

	31.03.2017	31.03.2016
Secured		
From Banks		
- Working Capital Loan	3014.63	3297.63
Total	3014.63	3297.63

- 2.3.1** 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). 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	2017-18	2018-19	2019-20	2020-21
1 yr MCLR plus 3.90% to 4.95%	1616.68	1645.55	1645.55	2048.78

2.3.2 Finance Lease Obligations:

Finance lease obligations are repayable in equated monthly instalments.

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

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

	Minimum lease payments		Present value of minimum lease payments	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Due within one year	14.46	14.45	12.07	13.21
Due one to five years	16.30	8.84	14.89	7.58
Total	30.76	23.29	26.96	20.79
Less: Future finance charges	3.80	2.50		
Present value of minimum lease payable	26.96	20.79		

2.3.3 Debentures

CDR Empowered Group and the competent authorities of respective banks have approved the exit from CDR mechanism. Company has made upfront payment of Rs.158.95 lacs in cash and Issued 1,59,300 (one lakh fifty nine thousand three hundred only) Debentures of the face value Rs.1000/- each to Union Bank of India, Indian Overseas Bank and Bank of India as per the terms mentioned below:

- 1,59,300 (one lakh fifty nine thousand three hundred only) Unlisted Unrated Unsecured Redeemable Non-Convertible and Non-Transferrable Debentures of the face value Rs.1000/- each
- Interest / coupon rate: 11% simple interest per annum w.e.f.1st December, 2016
- Redeemable at par in three tranches i.e., on 31st March,2017, 2018 and 2019.

Company has redeemed 53,101 debentures as on 31.3.2017.

Particulars	Opening Balance	Issued	Redeemed	Closing Balance
Debentures	-	1593.00	531.01	1061.99

2.4 Deferred Tax Liabilities (net)

Rs. In Lacs

	31.03.2017	31.03.2016
Deferred Tax Liabilities		
Depreciation	1234.99	1066.80
	1234.99	1066.80
Deferred Tax Liabilities		
Carryover Losses	-	780.81
Others	513.91	678.64
Provision for doubtful debts	10.86	24.86
	524.77	1484.31
Total	710.22	(417.51)

2.5 Other Liabilities

	31.03.2017	31.03.2016
Other Current Liabilities		
Advance from Customers	22.43	77.77
Creditors for Capital Expenditure	107.48	211.03
Current Maturities of Long term Borrowings (refer note.2.3(A))	2160.18	1451.12
Interest accrued but not due on borrowings	0.72	-
Interest accrued but not due on borrowings	183.97	60.68
Statutory Liabilities	56.17	40.91
Other Payables	529.66	147.00
Total	3060.61	1988.51

2.6 Provisions

	31.03.2017	31.03.2016
A. Long-term Provisions		
Provision for Employee Benefits		
for Gratuity	68.33	48.30
for Compensated absences	29.26	13.69
Other Provisions		
Recompense payable to Banks (refer notes 2.3.3)	-	1751.95
Total	97.59	1813.94
B. Short-term Provisions		
for Gratuity	3.22	0.59
for Compensated absences	2.40	14.56
for Warranties (refer notes 2.6.1)	126.11	283.78
for Income Tax	610.03	522.08
Total	741.76	821.01

Particulars	Opening Balance	Provision during the year	Provision utilized	Closing Balance
2.6.1 Provision for warranty	283.78	193.53	351.20	126.11

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

2.7 Trade Payables**Rs. In Lacs**

	31.03.2017	31.03.2016
Others	1611.87	1016.41
Micro, Small and Medium Enterprises	0.87	-
Total	1612.74	1016.41

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

Sl.No.	Particulars	31.03.2017	31.03.2016
a)	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end	0.87	Nil
b)	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	Nil	Nil
c)	Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	13.51	Nil
d)	Interest paid, other than under section 16 of MSMED Act, to suppliers registered under the Act, beyond the appointed day during the year	Nil	Nil
e)	Interest paid, under section 16 of MSMED Act, to suppliers registered under the Act, beyond the appointed day during the year	Nil	Nil
f)	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.29	Nil
g)	Further interest remaining due and payable for earlier 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.

2.9 Loans & Advances

	31.03.2017	31.03.2016
A. Long-term Loans and Advances		
Unsecured, considered good		
Capital Advances	1398.61	21.99
Security Deposit	176.51	89.28
MAT credit entitlement	1822.24	524.16
Other Advances	19.66	19.66
Total	3417.02	655.09
B. Short-term Loans and Advances		
Unsecured, considered good		
Advance for Raw Material	50.43	66.23
Advance Income Tax	2.60	2.60
Prepaid Expenses	169.68	121.93
Other Advances	98.66	39.29
Total	321.37	230.05

Pokarna Engineered Stone Limited

Notes Forming Part of the Balance Sheet

Notes - 2.8

FIXED ASSETS

Description	Gross Block			Depreciation			Net Block	
	As on 01.04.2016	Additions	Deletions / Adjustments	As on 31.03.2017	Upto 31.03.2016	For the Period	As on 31.03.2017	As on 31.03.2016
Tangible Assets:								
Land-Leasehold	1186.55 (1186.55)	-	-	1186.55 (1186.55)	312.00 (276.05)	35.96 (35.95)	838.59 (874.55)	874.55 (910.50)
Vehicles	113.84 (100.92)	29.47 (15.91)	- (2.99)	143.31 (113.84)	67.94 (55.46)	15.38 (14.17)	59.99 (45.90)	45.90 (45.46)
Furniture's & Fixtures	125.46 (124.84)	29.44 (0.62)	-	154.90 (125.46)	53.56 (40.08)	13.68 (13.48)	87.66 (71.90)	71.90 (84.76)
Computers	35.75 (30.38)	11.72 (7.29)	1.85 (1.92)	45.62 (35.75)	25.46 (23.45)	4.45 (3.83)	17.47 (10.29)	10.29 (6.93)
Plant and Machinery	15387.36 (15162.69)	1092.40 (224.67)	0.76	16479.00 (15387.36)	4880.35 (4361.17)	582.22 (519.18)	11016.43 (10507.01)	10507.01 (10801.52)
Factory Building	3626.57 (3588.63)	76.35 (37.94)	-	3702.92 (3626.57)	788.56 (677.54)	113.16 (111.02)	2801.20 (2838.01)	2838.01 (2911.09)
Building	662.01 (662.01)	-	-	662.01 (662.01)	337.82 (322.11)	11.81 (15.71)	312.38 (324.19)	324.19 (339.90)
Electrical Installation	928.54 (913.03)	1.75 (29.38)	- (13.87)	930.29 (928.54)	461.73 (357.19)	112.02 (110.04)	356.54 (466.81)	466.81 (555.84)
Office Equipment	103.24 (99.46)	33.97 (3.78)	-	137.21 (103.24)	48.85 (33.10)	18.36 (15.75)	70.00 (54.39)	54.39 (66.36)
Total	22169.32 (21868.51)	1275.10 (319.59)	2.61 (18.78)	23441.81 (22169.32)	6976.27 (6146.15)	907.04 (839.13)	7881.55 (6976.27)	15193.05 (15722.36)
Previous Year								
Capital Work-in-progress							94.43	671.11

2.8.1 - 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.

Capital Work-in-Progress includes:

Particulars	Rs. In Lacs	
	2016-17	2015-16
Opening Balance	-	-
Add: Expenditure Incurred		
Professional & Consultancy charges	4.60	-
Foreign Exchange fluctuation on Restatement	88.91	-
Bank Charges	0.23	-
Closing Balance	93.74	-

2.10 Inventories**Rs. In Lacs**

	31.03.2017	31.03.2016
Raw Material (includes in transit Rs.9.65 Lakhs (p.y.Rs.11.42 Lakhs))	691.65	819.33
Work-in-progress	1358.90	505.94
Finished Goods	3229.29	2588.49
Consumables, Stores & Spares (includes in transit Rs.1.42 Lakhs (p.y.Rs.2.22 Lakhs))	1074.64	904.97
Packing Material (includes in transit Rs.0.23 Lakhs (p.y.Rs.Nil Lakhs))	52.80	52.41
Total	6407.28	4871.14

2.11 Trade Receivables

	31.03.2017	31.03.2016
Unsecured		
Outstanding for a period exceeding six months		
Considered good	155.38	294.47
Doubtful	31.39	102.92
Other receivables		
Considered good	4437.66	4294.58
	4624.43	4691.97
Less: Provision for doubtful debts	31.39	71.84
Total	4593.04	4620.13

2.11.1 Provisions

Particulars	Carrying amount as at April 1,2016	Additional Provisional made during the year	Amount written off during the year	Amount reversed during the year	Unused as at March 31, 2017
Provision for Doubtful Debts	71.84	-	-	40.45	31.39

2.12 Cash and Bank Balances

	Non-current		Current	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Cash and Cash Equivalents				
Balances with Banks in current accounts			695.36	414.02
Deposits - Margin Money with maturity less than three months			1360.95	132.59
Cash in Hand			0.75	0.25
			2057.06	546.86
Other Bank Balances				
Deposits - Margin Money with maturity for more than 3 months but less than 12 months			109.95	74.39
with maturity for more than 12 months	5.00	24.07		
Amount disclosed under the head "Other Non-current Assets" (Note.2.13)	(5.00)	(24.07)		
Total	-	-	2167.01	621.25

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

Rs. In Lakhs

	Specified Bank	Other	Total
Closing cash in hand as on 08.11.2016	0.04	0.13	0.17
(+) Permitted receipts	-	1.72	1.72
(-) Permitted payments	-	1.58	1.58
(-) Amount deposited in Banks	0.04	0.03	0.07
Closing cash in hand as on 30.12.2016	-	0.24	0.24

2.13 Other Assets

	31.03.2017	31.03.2016
Other Non- Current Assets		
Non-current Bank Balances		
Deposits with maturity for more than 12 months		
Margin Money deposits	5.00	24.07
Interest accrued on fixed deposits	0.17	0.99
	5.17	25.06
Other Current Assets		
Interest accrued on fixed deposits	9.68	5.08
Total	9.68	5.08

2.14 Revenue from Operations

	31.03.2017	31.03.2016
Sale of Products		
Finished Goods (Quartz Surfaces)	21875.72	20391.09
Sale of Services	336.62	-
Revenue from Operations (Gross)	22212.34	20391.09

2.15 Other Income

	31.03.2017	31.03.2016
Interest income on		
Bank Deposits	23.26	16.58
Others	7.82	5.02
Scrap Sales	52.12	17.11
Miscellaneous Income	-	0.39
Provision written back	40.45	28.27
Sundry Credit balances written back	20.47	-
Insurance claim	38.03	-
Profit on sale of Asset	0.06	5.61
Foreign Exchange Gain	293.99	341.70
Total	476.20	414.68

**2.16 Cost of Raw Material and Components consumed
(Quartz, Chemicals etc.,)**

	31.03.2017	31.03.2016
Opening Stock	819.33	403.96
Add: Purchases	7458.84	6961.15
	8278.17	7365.11
Less: Closing Stock	691.65	819.33
Total	7586.52	6545.78

**2.17 (Increase) / Decrease in Inventories
(Quartz, Chemicals etc.)**

Rs. In Lakhs

	31.03.2017	31.03.2016
Opening Stock		
Finished Goods	2588.49	2495.84
Work-in-Process	505.94	748.89
	3094.43	3244.73
Less: Closing Stock		
Finished Goods	3229.29	2588.49
Work-in-Process	1358.90	505.94
	4588.19	3094.43
Total	(1493.76)	150.30

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

Class of Goods	31.03.2017		31.03.2016		
	Value	%	Value	%	
Raw Material	Imported	684.43	9.02	518.00	7.91
	Indigenous	6902.09	90.98	6027.78	92.09
	Total	7586.52	100.00	6545.78	100.00
Consumables, Stores & Spares	Imported	1215.93	68.03	1187.05	65.78
	Indigenous	571.44	31.97	617.44	34.22
	Total	1787.37	100.00	1804.49	100.00

2.18 Employee Benefits Expense

	31.03.2017	31.03.2016
Salaries, Wages, Bonus and Allowances	937.04	652.47
Contribution to Provident Fund	46.55	41.71
Retirement Benefits	41.96	38.60
Staff Welfare Expenses	90.14	61.33
Total	1115.69	794.11

2.18.1 Employee Benefits

	31.03.2017	31.03.2016
Defined Contribution Plan		
Employer's contribution to Provident Fund	41.91	41.71

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.

Particulars	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
	Year Ended	Year Ended	Year Ended	Year Ended
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
a) Reconciliation of opening and closing balances of the present value of the Projected Benefit Obligation				
Projected Benefit Obligation at Beginning of year	48.89	19.63	14.08	5.66
Current service cost	13.84	6.70	11.01	5.68
Past Service Cost	-	-	-	-
Interest cost	3.61	1.51	1.03	0.42
Actuarial(Gain)/Loss	6.33	21.37	6.14	2.92
Benefits paid	(1.12)	(0.32)	(0.60)	(0.60)
Projected Benefit Obligation at year end	71.55	48.89	31.66	14.08
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 obligation	71.55	48.89	31.66	14.08
Amount recognized in Balance Sheet	(71.55)	(48.89)	(31.66)	(14.08)
c) Expenses recognized during the year Under the head "Personnel Costs".				
Current service cost	13.84	6.70	11.01	5.68
Interest cost	3.61	1.51	1.03	0.42
Past Service Cost	-	-	-	-
Expected return on Plan Assets	-	-	-	-
Actuarial(Gain)/Loss	6.33	21.37	6.14	2.92
Income(-)/Expenses(+) recognized in the statement of Profit & Loss	23.78	29.58	18.18	9.02
d) Actuarial Assumptions	2006-08	2006-08	2006-08	2006-08
Mortality Table (L.I.C)	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount rate (per annum)	6.69%	7.46%	6.69%	7.46%
Rate of escalation in salary (per annum)	8.00%	8.00%	8.00%	8.00%
Attrition Rate	0 - 5 - 10%	1 -5 - 5 %	0-5 - 10%	1 -5 - 5 %
	5 - 10 - 5%	5 -40 - 0%	5-10 - 5%	5 - 40 - 0%
	10 - 40 - 2%	---	10 - 40 - 2%	---
e)	The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.			

2.19 Other Expenses**Rs. In Lacs**

	31.03.2017	31.03.2016
Consumption of Stores & Spares	1787.37	1804.49
Processing expenses	340.33	44.48
Power and Fuel	514.97	561.48
Repairs and Maintenance:-		
- Plant and Machinery	64.75	80.67
- Building	20.25	45.70
- Others	16.05	4.58
Lease Rent	11.86	11.86
Rent	67.94	26.11
Rates and Taxes	24.57	28.82
Insurance	102.42	96.84
Communication Charges	13.76	12.67
Printing & Stationery	15.95	10.39
Travelling & Conveyance Expenses	69.81	32.21
Electricity Charges	12.93	7.66
Vehicle Maintenance	44.58	32.74
Auditors Remuneration	11.80	6.16
Legal and Professional Charges	173.83	88.01
Directors Sitting Fees	5.11	3.83
Donations	-	5.00
Corporate Social Responsibility Activity Expenses	20.00	-
Carriage Outwards	589.91	205.13
Discounts and Claims	102.99	51.97
Business Promotion Expenses	346.23	266.63
Bad Debts written off	15.91	-
Provision for Warranties	193.53	172.78
Packing Material	258.86	214.31
Fee & Subscriptions	6.83	2.32
Sales Tax	14.06	27.56
Bank Charges	78.90	100.27
Loss on sale of assets	-	0.67
Miscellaneous Expenses	6.20	3.08
Total	4931.70	3948.42

2.19.1 Auditors Remuneration

	31.03.2017	31.03.2016
Particulars		
Statutory Audit	7.50	3.50
Tax Audit	1.25	0.75
Certification	2.93	1.82
Out of pocket expenses	0.12	0.09

2.20 Depreciation & Amortization

	31.03.2017	31.03.2016
Depreciation on tangible assets	907.04	839.14
Total	907.04	839.14

2.21 Finance Costs**Rs. In Lacs**

	31.03.2017	31.03.2016
Interest on Borrowings:		
- Banks	1386.36	1304.09
- Others	979.77	1296.35
Interest on Taxes / Duties	40.85	26.39
Interest on Debentures	58.09	64.74
Total	2465.07	2691.57

2.22 Extra-ordinary Item - Expense

The company has opted to exit from the CDR mechanism during the previous year 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 in the year 2015-16.

2.23 Contingent Liabilities not provided for

Particulars	31.03.2017	31.03.2016
a) Letter of Credits outstanding	121.33	72.13
b) Bank Guarantees	10.00	-
c) Claims against the Company / disputed liabilities not acknowledged as debts:		
(i) Fuel Surcharge adjustment (FSA) claim to the extent billed by Power distribution Companies of AP.	-	0.85
(ii) Other Claims	26.93	26.93
(iii) In view of the amendment in The Payment of Bonus Act, 1965 notified on 1 January 2016, which was effective retrospectively from 1st April, 2014, the company on the legal advice has decided not to consider it on account of the interim order dated 26th April, 2016 of Hon'ble Andhra Pradesh High Court allowing stay on the amendment with retrospective effect till the time its constitutional validity is established.	32.83	32.83
d) The Visakhapatnam unit of the Company is registered as SEZ Unit and is exempted from Customs, Central Excise and certain duties and levies on imported and indigenous capital goods and raw materials and stores & spares. The Company has executed a legal undertaking for obligations regarding proper utilization and account of goods, including capital goods, stores & spares, raw materials, components and consumables including fuels, imported or procured duty free and regarding achievement of positive net foreign exchange earning. As on 31st March, 2017, the Company has a positive Net Foreign Exchange Earning, as defined in the SEZ Act, 2005.		

2.24 Capital Commitments

Particulars	31.03.2017	31.03.2016
Estimated amount of contracts remaining to be executed on Capital Account not provided for	14891.75	140.45

2.25 Financial and Derivative Instruments

	31.03.2017	31.03.2016
Foreign currency exposure that are not hedged by derivative or forward contracts as on 31st March	6079.22	3601.04

2.26 Deferred Tax

Particulars	31.03.2017	31.03.2016
Deferred Tax Asset		
Others	-	640.91
Total	-	640.91
Deferred Tax Liabilities		
Depreciation	168.20	175.84
Provision for Debtors	14.00	9.16
Carryover Losses	780.81	882.16
Others	164.72	
Total	1127.73	1067.16
Net Deferred Tax Asset / (Liability)	(1127.73)	(426.25)

2.27 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 Pvt Limited, Pokarna Fashions Pvt Limited, Pokarna Marketing Pvt 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, Gautam Chand Jain (HUF), Prakash Chand Jain (HUF), Ashok Chand Jain (HUF)

(ii) Transactions during the year with related parties :

Rs. In Lacs

Nature of the Transaction	Associates	Key Management Personnel	Relatives	Total
Purchases				
Goods and Services, net	0.57	-	-	0.57
	(0.23)	-	-	(0.23)
Sales				
Goods and Services, net	-	-	-	-
	(2.00)	-	-	(2.00)
Expenses				
Remuneration		76.72		76.72
	-	-	-	-
Rent	-	-	68.08	68.08
	-	-	(26.11)	(26.11)
Interest	602.84	307.22	69.31	979.37
	(592.11)	(316.70)	(108.71)	(1017.52)
Sitting Fees	-	-	0.70	0.70
	-	-	(0.40)	(0.40)
Loans & Advances and Rent Deposit				
Loans & Advances taken	-	-	100.00	100.00
	-	-	-	-
Rent Deposit given			63.87	63.87
			-	-
Oustandings				
Payables	4837.76	2455.09	188.42	7481.27
	(4295.21)	(2247.43)	(757.13)	(7299.77)
Rent deposits - receivable	-	-	81.15	81.15
	-	-	(17.29)	(17.29)

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

Rs. In Lacs

S.No	Particulars	Relationship	2016-17	2015-16
1	Purchases			
	Goods and Services, net			
	Pokarna Fabrics Pvt Limited	Associate	0.57	0.23
2	Sales			
	Goods and Services, net			
	Pokarna Fashions Pvt Limited	Associate	-	2.00
3	Expenses			
	Remuneration			
	Gautam Chand Jain	Key Management Personnel	76.72	-
	Rent			
	Rekha Jain	Relative	16.13	15.99
	Ashok Chand Jain (HUF)	Relative	13.03	5.41
	Anju Jain	Relative	5.69	4.71
	Gautam Chand Jain (HUF)	Relative	16.29	-
	Prakash Chand Jain (HUF)	Relative	16.94	-
	Interest			
	Pokarna Fabrics Pvt Limited	Associate	482.13	473.75
	Pokarna Marketing Pvt Limited	Associate	120.71	118.36
	Gautam Chand Jain	Key Management Personnel	184.02	193.54
	Rahul Jain	Key Management Personnel	123.20	123.16
	Prakash Chand Jain	Relative	69.31	108.71
	Sitting Fee			
	Prakash Chand Jain	Relative	0.70	0.40
4	Loans & Advances			
	Loans Received			
	Prakash Chand Jain	Relative	100.00	-
5	Rent Deposit given			
	Rekha Jain	Relative	14.04	-
	Anju Jain	Relative	4.95	-
	Ashok Chand & Sons	Relative	11.34	-
	Gautam Chand Jain (HUF)	Relative	16.44	-
	Prakash Chand Jain (HUF)	Relative	17.10	-
6	Outstanding's			
	Payables			
	Pokarna Fabrics Pvt Limited	Associate	3869.03	3435.12
	Pokarna Marketing Pvt Limited	Associate	968.73	860.09
	Gautam Chand Jain	Key Management Personnel	1489.51	1339.93
	Rahul Jain	Key Management Personnel	965.58	907.50
	Prakash Chand Jain	Relative	188.42	757.13
	Rent deposits given			
	Rekha Jain	Relative	16.48	2.44
	Ashok Chand Jain (HUF)	Relative	11.34	-
	Anju Jain	Relative	19.80	14.85
	Gautam Chand Jain (HUF)	Relative	16.44	-
	Prakash Chand Jain (HUF)	Relative	17.09	-

Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall Company basis at the end of each year and, accordingly, have not been considered in the above information.

2.28 Earnings Per Share (EPS)**Rs. In Lacs**

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

Particulars	31.03.2017	31.03.2016
Basic and Diluted Earnings Per Share		
Numerator for Basic earnings per share:		
Profit attributable to the Equity Share Holders	5792.81	3397.73
Denominator for Basic earnings per share:		
Basic / Weighted Average number of shares	4170584	2743092
Basic / Diluted Earnings Per Share (in Rs.)	138.90	123.86

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

Geographical Market	31.03.2017	31.03.2016
U.S.A	18094.71	16082.33
Europe	1936.13	1177.20
India	300.20	852.35
Rest of the World	1805.99	2018.69
Total	22137.03	20130.57

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

	31.03.2017	31.03.2016
Raw Material	620.01	692.89
Components and Spare parts	1709.91	1923.23
Capital Items	295.76	663.17

b) Earnings in foreign currency

Revenue from Export Sales on FOB basis	21220.32	19246.39
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c) Expenditure in foreign currency

Travel & Conveyance	23.08	3.83
Business Promotion	259.64	159.20
Professional & Consultancy	7.36	31.81
Others	33.66	21.11

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

As per our report attached

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

Shantilal Daga
Partner
Membership No. 11617

Place : Hyderabad
Date : 8th May, 2017

For and on behalf of Board of Directors

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

Meka Yugandhar
Director
(D.No: 00012265)

Rahul Jain
Director
(D.No: 00576447)

Apurva Jain
Director
(D.No: 06933924)