A large, stylized golden '30' graphic that serves as the background for the entire page. The numbers are thick and have a slight gradient, giving them a three-dimensional appearance.

**30<sup>th</sup> Annual Report**  
**2020 - 21**

**DEFINE, DEFY, DELIVER:**  
**30 YEARS OF POKARNA**

# INSIDE THIS REPORT

## Corporate Overview

Who we are	04
Key Highlights	06
Relying on inherent strengths	07
Chairman's Message	08
Tracking our Finances	10
Creating a Stronger Brand	12
Manufacturing 4.0	14
Tailored services to delight customers	16
Board of Directors	17
Corporate Information	18

## Statutory Reports

Management Discussion & Analysis	19
Notice	27
Boards' Report to Shareholder	43
Business Responsibility Report	60
Corporate Governance Report	65

## Financial Statements

Standalone Financial Statements	81
Consolidated Financial Statements	129



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the Company



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

## Forward-looking Statement

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


# DEFINE. DEFY. DELIVER.

In the last three decades of our existence, we have risen and fallen, accomplished several milestones and have been witness to a rather phenomenal journey. It has not only strengthened our foundations but, also continued to define who we are today.

Along the way, we have defied odds to succeed and prosper. Our resilience and the ability to adapt to evolving circumstances enabled us to rise above challenges. Remaining unfazed in the face of crisis, we have embraced newer methods to improve efficiency and deliver exceptional results.

We have also revamped our existing product portfolio, ventured into newer business segments and consistently upgraded our capacities to renew our position in the industry. What emerged, was our constant capability to deliver returns to our stakeholders.

**Pokarna today is perfectly poised to define its growth path and fulfil customer expectations, overcoming odds to design a brighter future.**



# POKARNA. THIRTY ROCK SOLID YEARS.

---

For thirty years, we've given you the  
world's finest natural granite...

For over a decade, we also bring you  
the world's finest quartz surfaces.

**1991 ▶**

The Journey started with the acquisition of a black galaxy granite quarry

**1995 ▶**

Listed on Hyderabad and Madras Stock Exchanges

**1996 ▶**

Acquired and turned around a sick granite processing unit

**2000 ▶**

Acquired and turned around another sick granite processing unit

**2003 ▶**

Crossed ₹ 100 crore topline  
Listed on BSE

**2004 ▶**

Commenced commercial operations at apparel manufacturing facility and launched brand STANZA

**2007 ▶**

Listed FCCB's on SGX

**2009 ▶**

PESL commenced commercial operation of Unit 1

**2015 ▶**

PESL crossed ₹ 100 cr topline  
Retirement of FCCB's

**2016 ▶**

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

**2020 ▶**

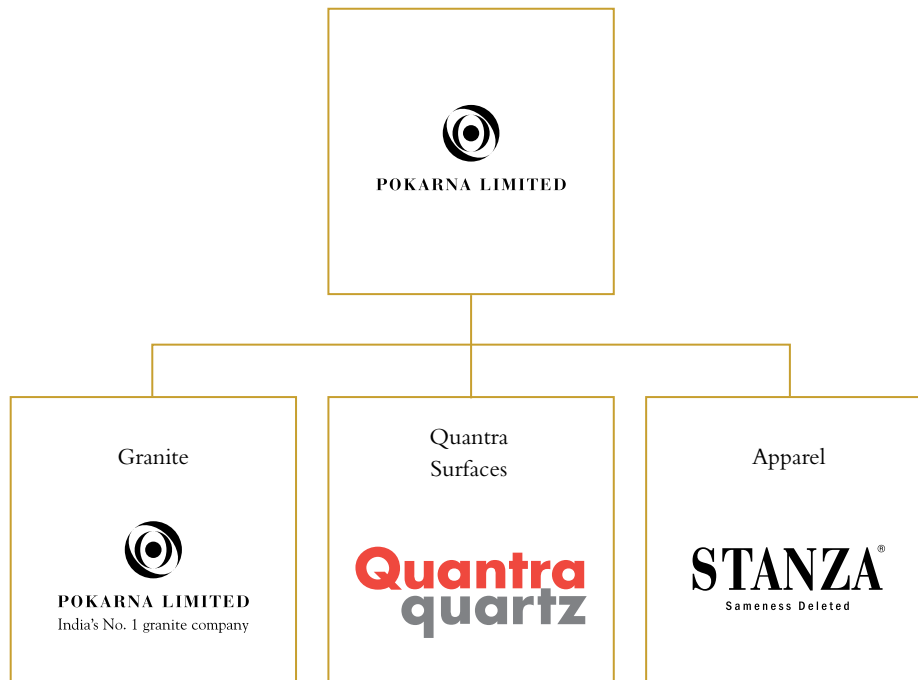
PESL crossed ₹ 300 crore topline

**2021**

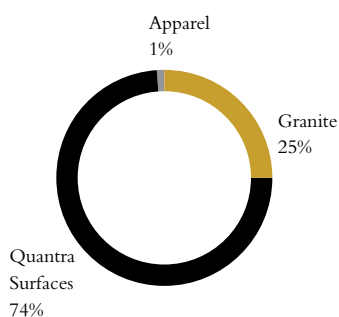
PESL commenced commercial operation of Unit 2

# Who we are

We are India's leading exporters of Granite and largest exporter of Quartz surfaces. With manufacturing facilities in Telangana and Andhra Pradesh, we export to over 20 countries. We market Quartz surfaces under the brand Quantra. Our Quartz surfaces operations are under our wholly owned subsidiary Pokarna Engineered Stone Limited. Our products are well accepted across developed and developing nations. We also possess the best of the manufacturing technologies where we use patented Bretonstone® technology for Quartz surfaces. Our brand Quantra today stands as a synonym for best quality product and design. We also have a very robust distribution network across various countries where we are known for our perfection. We offer a vast range of natural stones, quarried from our 15 mines (color-wise) and finished at our two factories in Telangana. Our brand Quantra offers some of the most exhaustive range of designs. We also manufacture apparel and market under our brand STANZA.



## Revenue share (by product segments, in %)



## Our five pillars



Value our  
people



Health, safety and  
sustainability



Embrace  
Technology  
and  
Innovation

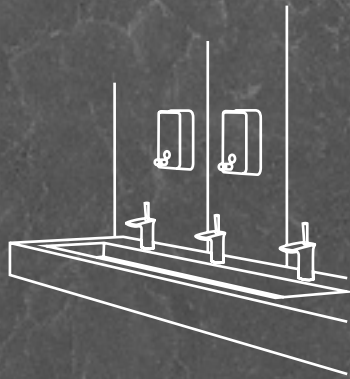


Operating  
Performance

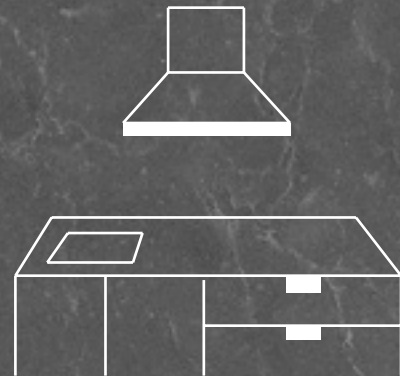


Focus on  
Profitable Growth

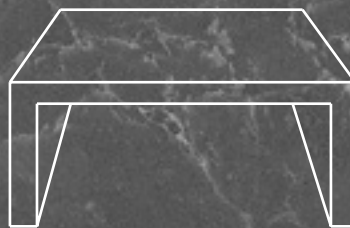
# QUARTZ APPLICATION



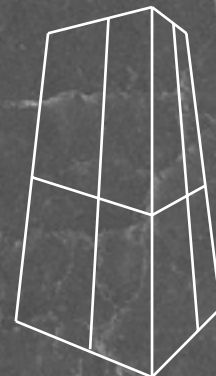
**Bathroom**



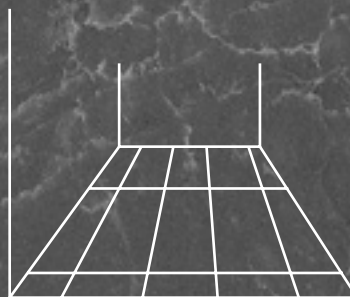
**Kitchen countertops**



**Furniture**



**Cladding**



**Flooring**

# Key Highlights

**30**

Years of experience

**2**

State-of-the-art Granite manufacturing facilities located in Telangana

**10+**

Captive Quarries located in Andhra Pradesh, Telangana and Tamil Nadu

**2**

State-of-the-art Quartz manufacturing facility in Telangana and Andhra Pradesh

**20+**

Countries of presence

**24.76%**

5-year CAGR growth of Networth

**19.92%**

5-year CAGR growth of Gross Block

**24.76%**

5-year CAGR growth of Book Value



# Relying on inherent strengths

## Leveraging our core competencies



### Enduring partnerships

Our business sustainability is formed in the bedrock of strong relationships we have built over the years with our customers, business partners and vendors.



### Contemporary technology

Our manufacturing facilities are equipped with Breton technology, one of the finest in the world and we are among the very few companies in India to have it within our manufacturing ecosystem. We continuously strive to improvise and improve technology within our operations to enhance efficiencies.



### Expansive global presence

Over the years, we have successfully established a strong foothold across the globe.



### Customer-centric business model

At Pokarna, we strive to build a customer-centric business that prioritizes customer needs. We aim to understand their requirements and deliver products that meet and exceed expectations.



### Robust product offerings

We have leveraged our expertise and experience to develop a product pipeline that is above-par with international standards and benchmarks. Our wide portfolio of products allows customers to choose products based on their customized needs.



### Thriving human resources

Our strong leadership and committed team ensure effective implementation of strategies backed by a strong workforce.. We constantly invest in our people, introducing right training and skill development programs that empower them in their holistic development.



### Experience and expertise

Today, Pokarna is a brand that resonates with trust and quality. Our years of investment in building capacities backed by strong product knowledge has led us to dominate with a growing market share in the industry space.

## Creating Value for



### Customers

- Innovative and unique products
- Cost-effective and superior quality products
- Multiple options in terms of colour and design



### Investors and shareholders

- Constant payment of dividend
- Timely disclosure of material information
- Sustained balance sheet
- Effective risk management framework



### Communities

- Social upliftment
- Reduction of environmental impact



### Employees

- Fair and timely remuneration
- Opportunities for Career growth
- Focus on occupational health & safety
- Performance and merit-based reward system



### Suppliers and business partners

- Mutually beneficial relationship
- Creating and maintaining long-standing relationship

# Chairman's Message



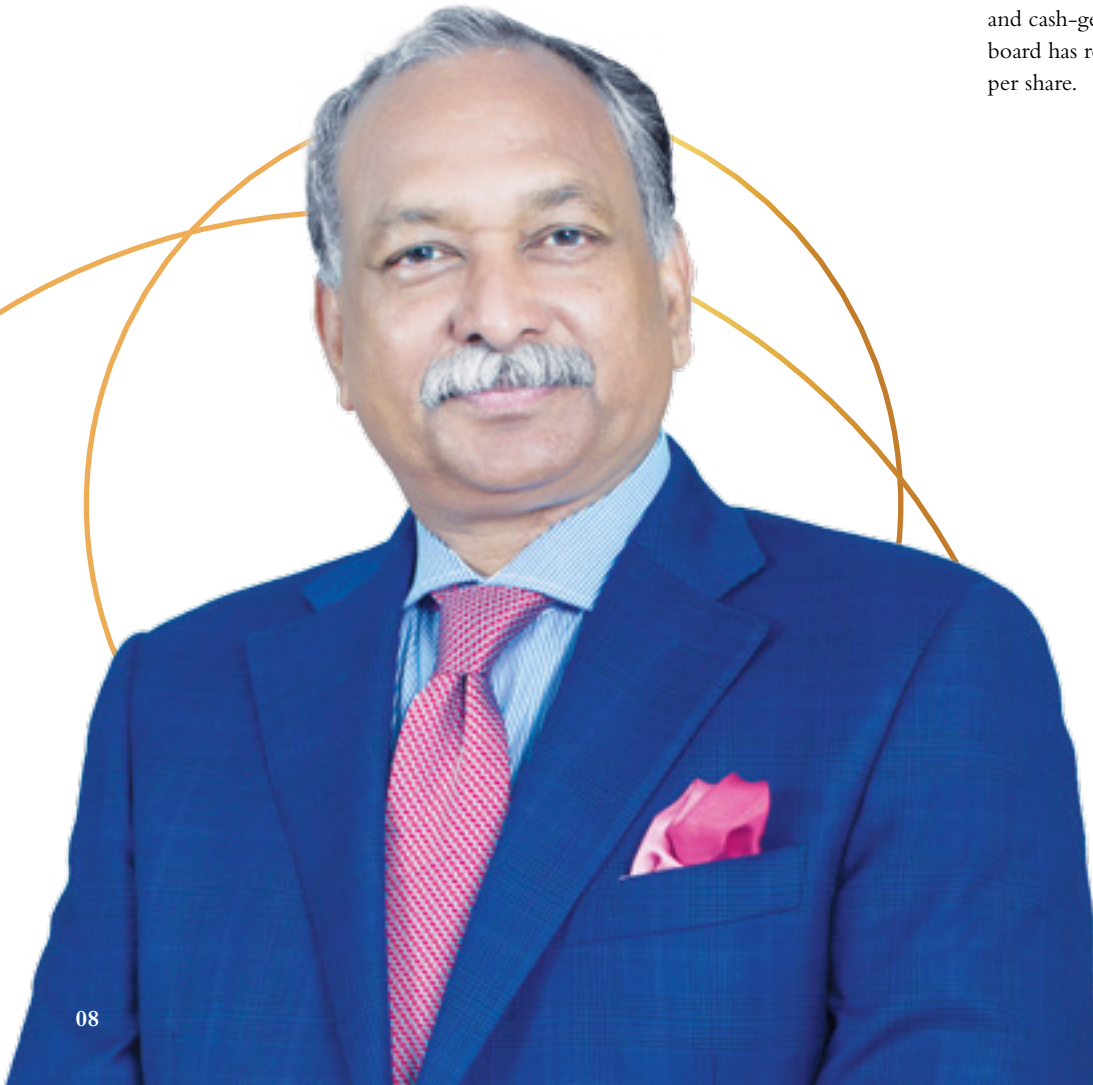
We strive to build a strong and innovative product pipeline, increase operational margins, focus on branding, and grow our visibility in both domestic and foreign markets.

## Dear Stakeholders,

In common with all organisations, the global pandemic has generated an unprecedented level of disruption to our businesses. In FY 21, our results were decimated by one of the steepest sales declines in the history of our industry, when most of our customers and facilities operated either at a limited capacity or were completely shut down for varying amounts of time. To address rapidly changing conditions, we quickly implemented strategic initiatives to protect our people, support our customers and stabilize the business at that moment as well as strengthen it for the long term.

A discussion of our financial performance can be found in Boards Report & MDA section of the Annual Report.

In line with Company's growth strategy and cash-generative characteristics, the board has recommended dividend of 30% per share.



In the second half of FY 21, US countertop industry recovered faster than our industry expected. People spent more time in their homes due to the pandemic and shifted disposable income from travel, entertainment and leisure activities to home improvement projects. The office, hospitality and retail sectors have remained under pressure due to Covid, which kept commercial countertop demand depressed due to business investments being postponed or cancelled. Even as order rates increased, our manufacturing levels continued to be impacted by government restrictions, Covid-related disruptions and employee absenteeism.

In March 21, PESL commercialised operations at its new unit which we believe is the world's most technologically advanced quartz facility. Through state-of-the-art automation at this new unit, PESL would be able to develop more sophisticated visuals such as luxury marble looks to distinguish our products and improve our margins. From a long-term perspective, this expansion should make the Company stronger, more diversified and more profitable. Looking ahead, we strive to build a strong and innovative

product pipeline, increase operational margins, focus on branding, and grow our visibility in both domestic and foreign markets.

The talent and dedication of our people drive our business. In FY 21, our team persevered under unique challenges, supporting our customers through an unprecedented period while keeping one another safe.

In FY 21, we took essential steps that steadied our company through the pandemic, and we are now poised to reap the benefits of those initiatives in FY 22 and beyond. We appreciate your continued support of the business as we work to deliver the best possible returns for the near and long term.

Thanks and Regards,

**Gautam Chand Jain**  
Chairman & Managing Director

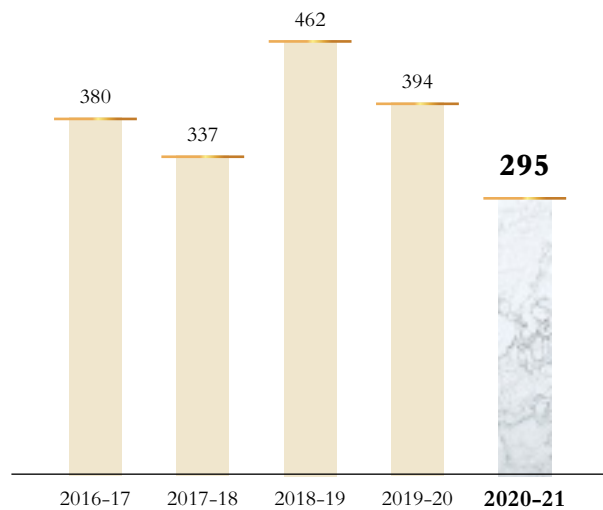


In FY 21, our team persevered under unique challenges, supporting our customers through an unprecedented period while keeping one another safe.

# Tracking our Finances

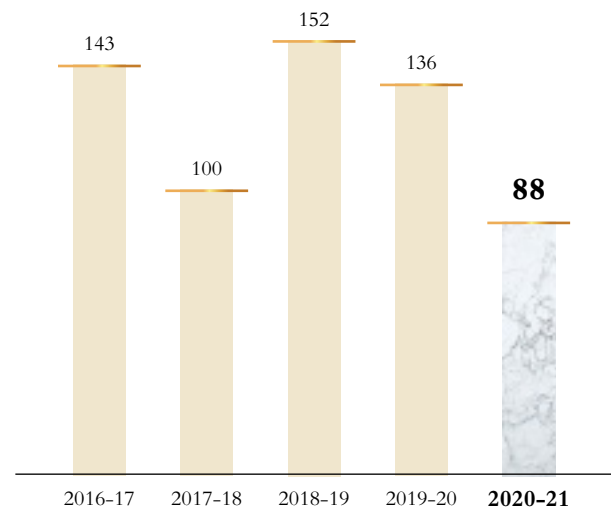
## Revenue from Operations

(In INR crores)



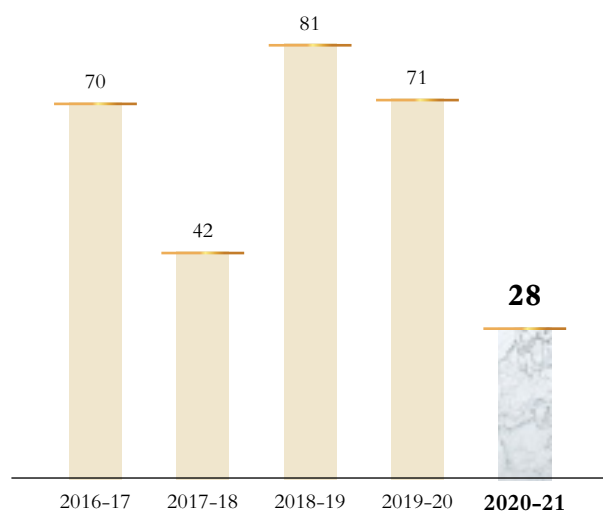
## EBITDA

(In INR crores)



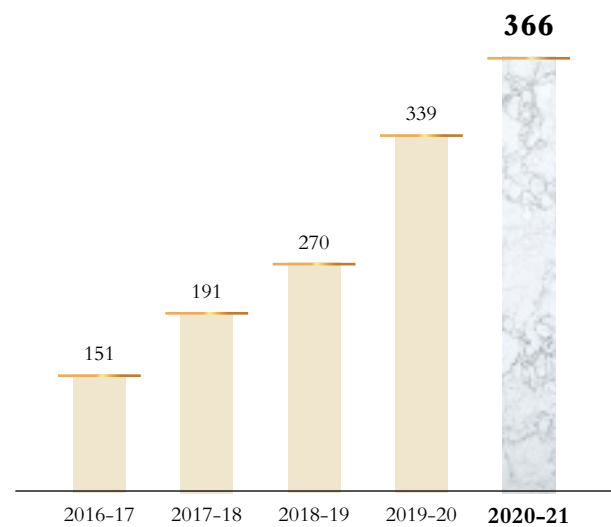
## PAT

(In INR crores)



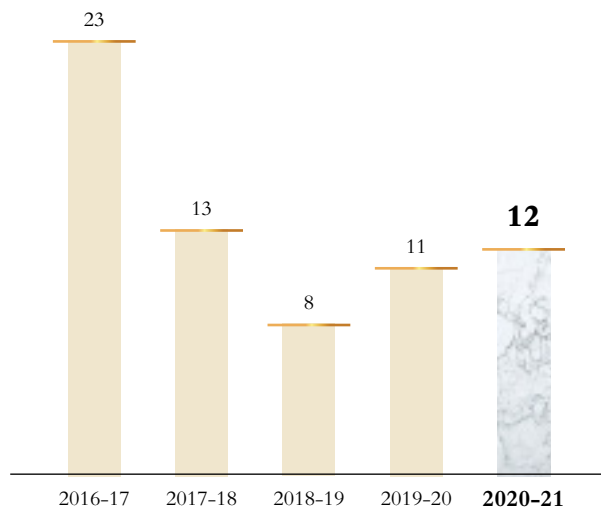
## Net Worth

(In INR crores)

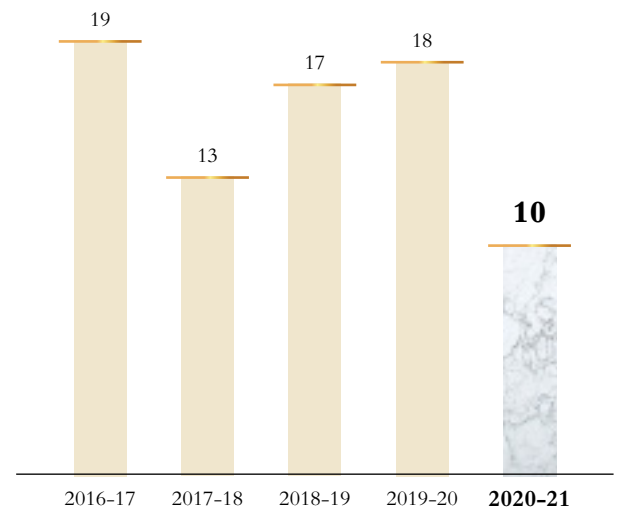


**Cash and Cash Equivalent**

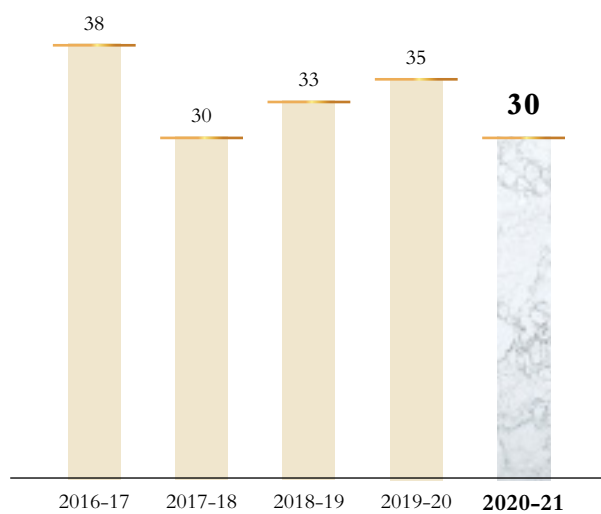
(In INR crores)

**PAT Margin**

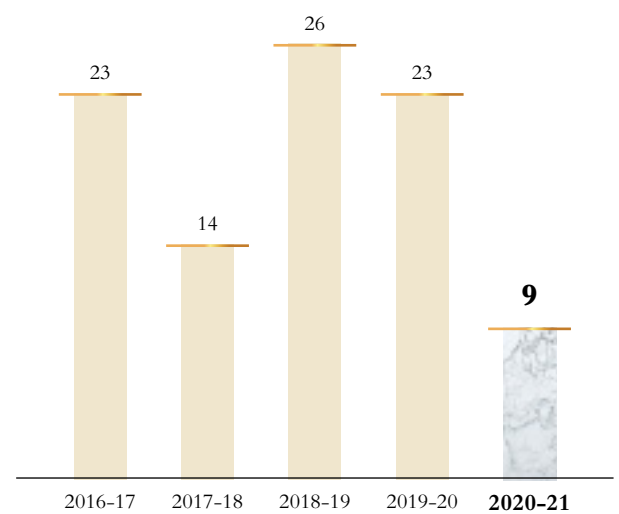
(In %)

**EBITDA Margin**

(In %)

**EPS**

(In INR)





# Creating a Stronger Brand

Over the years, Pokarna and Quantra has become a preferred brand for customers across the world. With our extensive range of outstanding products, we aim to improve our portfolio and fortify our position in India and abroad. To achieve these objectives, we aspire to strengthen our brand recall and regularly engage with clients through trade shows, exhibitions and other programs that help to enhance our reach.

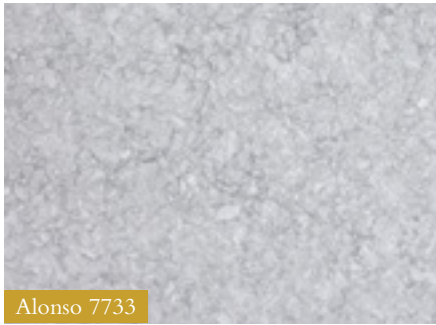


KBIS-USA-2020



Stona-2020

# Quantra quartz



Alonso 7733



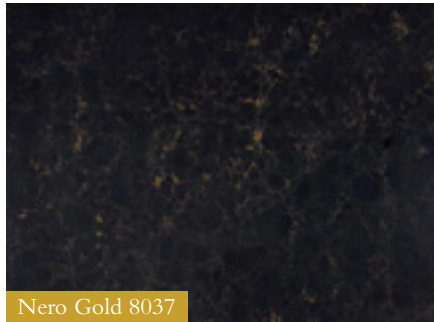
Antonio 7700



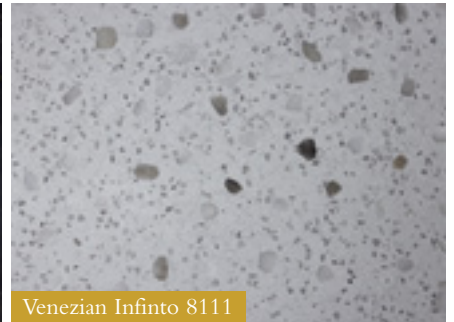
Calacatta Pietresanta 9113



Ghiberti 7301



Nero Gold 8037



Venezian Infinto 8111



Calacatta Oro



# Manufacturing 4.0

**Our world class manufacturing units are equipped with advanced technology and integrated operations to abide by the principles of sustainable production.**

PESL has commissioned a new state-of-the-art quartz surfacing plant in Telangana which is one of the largest of its kind, environment friendly and equipped with modern technology.



## Smart Factory

- The factory is built to operate in the era of Industrial Revolution 4.0 and thereby integrated with technologies such as industrial robots, high level process automation and digitalization.
- The new unit is also equipped with a battery of multi-axis robots to produce exotic, natural looking and studio design quartz slabs. A whole new generation of fabrication equipment such as disc and waterjet cutting machines, CNC stone working centers and edge polishers is installed to ensure world-class quality with maximum speed and precision.

## Green Manufacturing

- We have also installed new generation water treatment technology to treat waste water and reuse on site thereby achieving zero liquid discharge.
- Energy efficient LED lights and new generation roofing system has been installed to maximize the daylight without compromising on the indoor environment.
- Our initiatives extend beyond our concerns for environment, to include a safe and hygienic workplace for our people.







### Key facts of the new factory at Telangana

#### 1,60,000 square meters

Area over which the new manufacturing facility in Telangana for Quartz, is spread

#### Super Jumbo and Jumbo

Quartz surface slabs to be manufactured in the new facility

#### Bretonstone Technology

Integrated with the new manufacturing facility

#### North America, Europe, Middle East and India

Markets to be served by the new facility

# Tailored services to delight customers

**When it comes to installing quartz surfaces, Pokarna is the perfect fit, because no-one knows a quartz surfaces quite like us. Our team of professional installers are now available work across India to ensure every Quantra quartz surface product is professionally measured, fabricated and expertly installed. We are also exclusive partners of IKEA for measurement, supply and installation of made to measure quartz surface worktops in India.**





# Board of Directors



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



**Mr. Mahender Chand**  
Independent Director



**Mr. Thati Venkataswamy Chowdary**  
Independent Director



**Mr. Meka Yugandhar**  
Independent Director



**Mr. Vinayak Rao Juvvadi**  
Independent Director



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



**Mr. Rahul Jain**  
Managing Director



**Mrs. Apurva Jain**  
Executive Director



**Dr. Jayshree Rajesh Sanghani**  
Independent Director



For Further Details  
scan the QR Code

# Corporate Information

## Board of Directors

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

**Mr. Mahender Chand**  
Independent Director

**Mr. Thati Venkataswamy Chowdary**  
Independent Director

**Mr. Meka Yugandhar**  
Independent Director

**Mr. Vinayak Rao Juvvadi**  
Independent Director

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

**Mr. Rahul Jain**  
Managing Director

**Mrs. Apurva Jain**  
Executive Director

**Dr. Jayshree Rajesh Sanghani\***  
Independent Director

## Statutory Auditors

M/s. K. C. Bhattacharjee & Paul  
Chartered Accountants, Hyderabad

## Internal Auditor

Mr. M. Murali Jaganmohan  
Chartered Accountant, Hyderabad

## Secretarial Auditor

Mr. K .V. Chalama Reddy  
Company Secretary, Hyderabad

## Chief Financial Officer

Mr. M.Viswanatha Reddy

## Company Secretary

Mr. Mahesh Inani\*\*  
Ms. Babita Chandrakar#

## Listed On

Bombay Stock Exchange Limited  
Scrip code : 532486  
National Stock Exchange of India Limited  
Symbol : POKARNA

## Registrar and Share Transfer Agents

M/s. KFin Technologies Private Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli Financial District,  
Nanakramguda

## Bankers

Union Bank of India, Khairatabad,  
Hyderabad

## Registered Office

105, First Floor, Surya Towers, Sardar Patel  
Road Secunderabad - 500 003,  
Telangana State, India.  
Tel: +91 40-27842182, 27844101,  
66266777.  
Fax: +91 040-2784 2121  
Email: [contact@pokarna.com](mailto:contact@pokarna.com)  
Website: [www.pokarna.com](http://www.pokarna.com)  
CIN: L14102TG1991PLC013299

## Factories

### Granite Division

#### Unit - I

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

#### Unit - II

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

### Apparel Division

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

### Pokarna Engineered Stone Limited

#### Unit - I

Plot. No: 45, APSEZ, Atchutapuram,  
Rambilli Mandal, Visakhapatnam District,  
Andhra Pradesh.

#### Unit-II

Sy.Nos. 221,223, Dooskal Village,  
Farooqnagar Mandal Sy.Nos. 901,902,  
908-912, Mekaguda Gram Panchayat  
Nandigama Revenue Village and Mandal,  
Ranga Reddy District, Telangana, State.

\*Appointed with effect from December 24, 2020

\*\*upto December 30, 2020

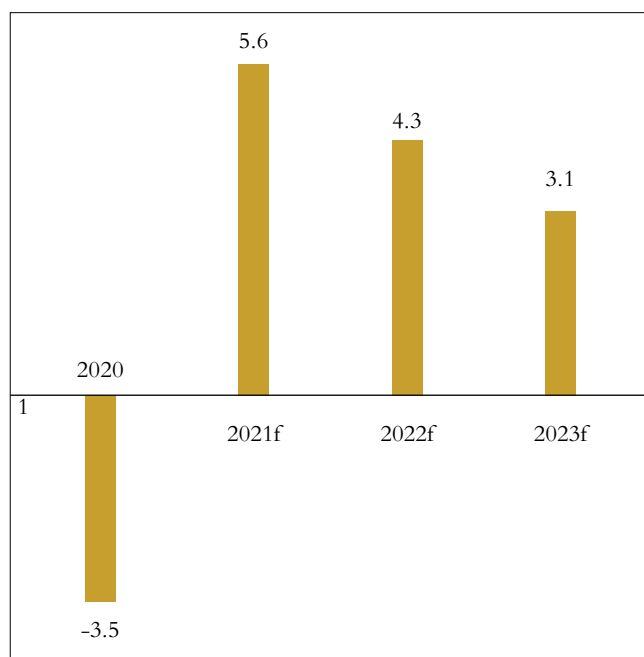
#Appointed with effect from April 26, 2021

# Management Discussion & Analysis

## Global Economy 2020

The fiscal year 2020 has been a challenging one for the global economy due to the outbreak of Covid 19 virus and its impact worldwide. The crippling health and economic issues that followed the virus's spread pushed the globe into one of its worst recessions in a decade. For the year 2020, the GDP contracted by -3.5 %. Moreover, per capita income losses incurred in 2020 will not be fully unwound by 2022 in about two-thirds of emerging markets and developing economies (EMDEs), including 75% of fragile and conflict affected low income countries (LICs). Investment has taken a hit as a result of the pandemic. Investment fell by 11.0 percent on average in emerging economies and 6.8 percent in EMDEs in the second quarter of 2020.

### World Real GDP



Lockdowns and other pandemic containment efforts have had the greatest impact on high-contact, affected industries, but the fall in activity was also immediate and severe in other sectors. Lockdowns restricted effective productive capacity on the supply side. These initial sectoral supply shocks spread to impact supply in other sectors via production network interconnections. Demand declined as a result of lower mobility and increased precautionary savings in the face of increased uncertainty. The early supply shocks also caused a drop in demand. This spread was accelerated in many cases by cash-strapped households and enterprises obliged to cut back on expenditure, resulting in further layoffs and further decreases in private expenditure. As the pandemic proceeded and lockdowns were relaxed, supply shocks in various sectors unwound to variable

degrees. Furthermore, the recovery of previously suppressed demand for durable goods in general, as well as high demand for items that enable working from home, have been important factors driving the global recovery since the second half of 2020. In terms of international trade, merchandise trade volumes have returned to pre-pandemic levels, while cross-border service commerce remains sluggish. Services sector, on the other hand, remains weak, attributable to travel restrictions that impede tourism.

### Outlook

In 2021, the global economy is estimated to grow at 5.6%, subsequently moderating to 4.3 percent in 2022<sup>1</sup>. The degree of the predicted recovery varies across country, based on the severity of the health crisis, the level of domestic interruptions to activity, the vulnerability to cross-border ripple effects, and, most significantly, the efficacy of governmental assistance in limiting long-term impact. Persistent damage to supply potential across both advanced and developing market economies, as well as slower labour force growth due to population ageing and necessary rebalancing, are all projected to impact on the global economy's medium-term growth prospects. Although China and United States managed to soar up to the pre-covid GDP in 2020, others are expected to stay much lower than their pre-pandemic trend course through 2024.

## Indian Economy 2020-21

With the onset of a worldwide pandemic caused by the Covid-19 virus, the fiscal year 2020-2021 saw severe economic turmoil. With the national lockdown imposed in the middle of March 20th, all economic operations came to a standstill. The growth rate of India's real GDP shrunk by 7.3 percent in 2020-21, compared to a rate of 4.0 percent in 2019-20.

The advent of the pandemic caused unprecedented demand and supply shocks throughout the economy. The industry and service sectors took the brunt of the damage, while agriculture could only contribute to GDP growth. Meanwhile, according to the National Statistics Office (NSO) the mining and quarrying production fell than that of previous year. The restricted credit demand and risk aversion of general public weighed down overall bank credit in FY 2020-21. On the contrary, government consumption supported GDP growth, growing by 2% compared to the previous year, while net exports seemed to cushion GDP reduction, owing to a steeper reduction in imports than in exports. With gradual lifts in lockdowns and government initiatives to boost investment and consumption, the country saw a discernible V-shaped rebound beginning in the third quarter. Although we foresee a healthy rebound in the coming years, it would be unrealistic to underestimate the economic wounds left by the pandemic.

<sup>1</sup><https://www.worldbank.org/en/news/press-release/2021/06/08/world-bank-global-economic-prospects-2021>

<sup>2</sup>[business-standard.com/article/economy-policy/](https://business-standard.com/article/economy-policy/)

## Stone Industry Overview

### Global Granite Stone Industry

Granite stones constitute more than two-fifths of the global natural stone market. Formed by the interlocking of feldspar, quartz, and mica crystals, granite constitutes about 70% to 80% of the Earth's crust. Valued at around \$35.12 billion, the global natural stone industry is expected to reach \$48.06 billion by 2026, registering a CAGR of 3.9% from 2019 to 2026<sup>3</sup>.

Granite stone, owing to its durability and multiple uses, has gained popularity since its origin more than 150 years ago. Utilized for making sculptures, memorials, gravestone, flooring tiles, countertops, bar tops, fireplaces, staircases, murals, paving stones, and curbing, granite stones find applications across several industries. Further, the usage of granite in household construction has also resulted in the rising preference for granite. Experts estimate, over the next five years the global granite market will register a CAGR growth of 4.1% to reach \$19,460 million by 2025, from \$16,540 million in 2019<sup>4</sup>.

In terms of volume, the market for granite, marble and stone is projected to grow by 6.8 trillion metric tons worldwide, recording a compounded growth of 4.8%. Supported by factors such as rising demand for houses, increasing disposable income and greater focus on infrastructural development in developing nations, the industry is likely to reach 24.1 trillion metric tons by 2025.

### Indian Granite Stone Industry

From innovative sculptures to classic memorials, Indian granite has fascinated the world with its beauty and its wide usage. Rich in mineral deposits, India today has one of the largest granite reserves in the world. With more than 110 different available shades, Indian granite also accounts for over 20% of the global granite reserves.

One of the top 5 granite producing countries along with China and Brazil, the Indian granite industry is a highly fragmented one with unorganised players dominating the industry. The largest producer of dimensional granite blocks, India's granite production is mainly centred around the states of Andhra Pradesh, Telangana, Rajasthan, Karnataka, Tamil Nadu, Uttar Pradesh, Odisha, Madhya Pradesh, and Gujarat among others. Reserves/resources of granite dimension stone of all types have been estimated at 46,320 million cubic metres. Of these resources, 264 million cubic metres (less than 1%) fall under Reserves category, while the remaining 46,056 million cubic metres (about 99%) fall under Remaining Resources category<sup>5</sup>.

Statewise breakup of total resources reveals that Karnataka & Rajasthan share about 20% each of the resources which are followed by Jharkhand (19%), Gujarat (18%), Andhra Pradesh (5%) and Madhya Pradesh & Odisha (4% each). These States together account for 90% of the total resources. Gradewise classification reveals that about 7% of the total resources fall under Black granite while 92% under Coloured granite. About 1% resources are of unclassified grade.

In common with many other industries, the global pandemic has generated an unprecedented level of disruption for the Indian granite industry in FY 21. Factors such as Covid-19, Port congestion, container shortages, vessel delays soaring shipping costs and lack of policy support from the government has caused slowdown in exports.

### Quartz Surface Overview

Quartz is one of the hardest natural materials on earth and appears similar to that of granite. The key distinguishing factors of Quartz is that they are naturally scratch and stain resistant and non-porous. Quartz surfaces are produced by PESL using Bretonstone technology by combining pure natural quartz, resin and other raw materials that are extraordinarily hard and resilient. These characteristics combine to create an ideal surface for kitchen countertops, bathrooms and other interior vertical applications. Demand for quartz surface has grown due to its improved aesthetic appeal, durability, stain and scratch resistance, heat tolerance, and anti-microbial properties compared to other natural stones. The visual appearance of quartz surface has improved from a monochromatic surface to a surface that imitates natural stone patterns. Quartz surface products are primarily used as worktops in kitchens and bath and also in certain vertical applications both in residential and commercial interior space. As a result, growth of this sector is heavily dependent on new construction, renovation and remodeling.

PESL was selected by the U.S. Department of Commerce ("USDOC") as a "mandatory respondent" to both Countervailing duty ("CVD") and Antidumping duty ("ADD") investigations on the imports of quartz surface products from India and as a result, PESL has received unique company specific rates: .

Final Subsidy Rate		Final Dumping Rate	
CVD	Cash Deposit	ADD	Cash Deposit
2.34%	2.34%	2.67%	0.33%

These CVD and AD rates are subject to further adjustment through administrative reviews to be completed by the USDOC. First administrative review for each of CVD and ADD is expected to commence in July 2021.

### Countertop Market Overview

A countertop is a raised platform with a flat surface, and is used in kitchens, bathrooms, laboratories, and other spaces. Also known as worktops, kitchen benches, or bench-tops, engineered stone countertops are made with the following material.

- Engineered quartz
- Engineered marble
- Polymer concrete

<sup>3</sup><https://www.globenewswire.com/en/news-release/2021/03/24/2198600/0/en/Global-Natural-Stone-Market-to-Garner-48-06-Billion-by-2026-AMR.html> z

<sup>4</sup><https://www.business-newsupdate.com/granite-market-73202>

<sup>5</sup>As per NMI data base based on UNFC system

<sup>6</sup><https://enforcement.trade.gov/download/factsheets/factsheet-multiple-quartz-surface-products-ad-cvd-final-042820.pdf>

Countertops have evolved from being basic platforms made of concrete to multi-purpose platforms that can be fitted over cabinets or other furniture. Owing to its expansive utility, the global market for countertops is projected to earn voluminous revenues in the years to come.

Freedonia projects, through 2024, engineered stone is projected to be the fastest growing major countertop surface material. The US countertop market is dominated by kitchen and bathroom remodeling applications. Market growth will be supported by the fact that countertop replacement remains the most popular home remodeling project. Additionally, rising consumer interest in engineered stone, porcelain slab, and butcher-block countertops will drive demand for countertops as homeowners look to trade up from laminates and solid surface to more natural looking and aesthetically pleasing surface materials. The shift away from laminates and solid surface to engineered stone, granite, and niche materials will also support robust value demand growth through 2024.

In volume terms, demand for countertops is forecast to advance 2.8% annually to 932 million square feet in 2024<sup>7</sup>. Gains will be fuelled by:

- a rise in the average share of housing space devoted to kitchens and bathrooms in new housing
- continued homeowner investment in home renovations as home values increase

Through 2024, demand for countertops in value terms is projected to rise 6.0% annually to \$42.1 billion. Advances in market value will be stimulated by:

- an ongoing product mix shift toward more costly high-end materials such as natural and engineered stone
- a shift in demand away from traditional laminate products to higher priced laminate grades
- rising popularity of niche countertop materials such as concrete, porcelain slab, and stainless steel, which command higher average prices than more common surface materials

### Impact of the Covid-19 pandemic outbreak on the countertop industry outlook

Taking on a home improvement project is generally regarded as discretionary spend and therefore consumer confidence is seen as a good indicator of future growth. However, due to the pandemic there are other factors influencing levels of demand. Following the period of lockdown there has been a wave of home improvement work in US. The disruption generated from Covid-19 has been significant in the commercial market and we have seen fewer projects commencing and delays to existing projects.

### Outlook for Granite & Quartz Surface

Demand for kitchen and bath remodeling in US is at an all-time high, as COVID-19 vaccination rates increase and permanent, hybrid work-from-home lifestyles are encouraging consumers to

reconfigure their home layouts. The market is therefore currently more buoyant than the metrics suggest; however, the sustainability of this trend is hard to forecast.

According to Freedonia's Countertops 2020, Through 2024, demand for countertops in the US is forecast to rise 2.8% per year to 932 million square feet valued at \$42.1 billion<sup>7</sup>. Going forward, market advances will be bolstered by:

- increasing residential kitchen and bathroom remodeling, as well as consumer willingness to trade up to more expensive materials such as granite and engineered stone to improve home values
- trends favoring larger kitchens and multiple bathrooms in single-family homes
- rising housing completions and commercial building construction.

Granite and quartz countertop industry is largely influenced by the residential and commercial construction and residential and commercial remodeling end-use markets. These markets are influenced by many factors including changing consumer preferences, consumer confidence, spending for durable goods, interest rates, inflation, availability of credit, turnover in housing and the overall strength of the economy.

Our outlook for FY 22 remains cautiously optimistic for granite and optimistic for quartz surface business.

### Indian Textile Industry

India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries. The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital-intensive sophisticated mills sector on the other end. The decentralised power looms/ hosiery and knitting sector forms the largest component in the textiles sector. The close linkage of textiles industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles makes it unique in comparison to other industries in the country. India's textiles industry has a capacity to produce wide variety of products suitable for different market segments, both within India and across the world.

The Indian textile industry contributes to 7% of industrial production, 5% of country's GDP, 12% of export earnings<sup>8</sup>. It is the second largest provider of employment, after agriculture, and provides direct employment to over 35 million people<sup>9</sup>. The current size of the industry at US \$100 billion, with substantial export earnings growth in the recent years, is expected to reach US\$ 220 billion by 2025-26<sup>10</sup>.

India is the largest producer of cotton & jute in the world. It is the second largest manufacturer of PPE and producer of polyester, silk and fibre in the world. Development of a new industry valuing ₹7000 Crore with 1100 PPE manufacturers producing a peak of

<sup>7</sup><https://www.freedoniagroup.com/Countertops.html>

<sup>8</sup><https://www.investindia.gov.in/sector/textiles-apparel>

<sup>9</sup><http://texmin.nic.in/>

<sup>10</sup><https://www.ibef.org/industry/indian-textiles-and-apparel-industry-analysis-presentation>



4.5 lakh units per day, whose global market worth is expected to be over US\$ 92.5 Bn by 2025<sup>11</sup>. The exports of merchandise were US\$ 24.82 billion in October 2020, as compared to US\$ 26.23 billion in October 2019<sup>12</sup>.

### Impact of Covid-19 on the Indian textile and apparel industry

Due to the coronavirus pandemic, which has challenged the globe on all fronts, the textile and clothing industry has become the most severely hit among industrial sectors. The compounding impact of an external demand shock, combined with lag in domestic demand, resulted in decreased output. Many businesses were forced to shut down, and output plummeted dramatically.

At every level, the virus has broken the supply chain. While the epidemic has hit both the official and informal sectors, the impact on employees in the latter will be even more severe. This industry is distinguished by a lack of social security safeguards, paid leave, healthcare protections, and other safety measures, making workers more susceptible.

The post-COVID-19 age, on the other hand, has created a significant potential for the online textile sector. Due to the lockdown imposed to stop the spread of the epidemic, sales in the online textile sector increased in numerous cities and states throughout India. Because of its virtual activities, which leave little place for physical touch, it has had no detrimental influence on the online textile sector.

### Key Growth Drivers



### Challenges Ahead

- **Low Levels of raw material supply:** The closure of some operations in China and Europe owing to environmental difficulties has resulted in an unprecedented spike in the pricing of basic raw materials in international markets.
- **Increase in raw material costs:** As the cost of imported raw materials rises, so do the prices of dyes.
- **Pressure to satisfy high social and environmental standards:** Failure to comply with environmental requirements might jeopardise the supply chain, since the garment sector is under pressure to increase environmental compliance efforts.
- **Infrastructure bottlenecks:** India's infrastructure quality continues to lag behind that of several other Asian countries.

### Outlook

The grant to the textiles and clothing sector in Union Budget 2021-22 is ₹3,614.64 crore, about 10% higher than the revised Budget amount of ₹3,300 crore in 2020-21<sup>13</sup>. The Budget also puts emphasis on infrastructure development and research & capacity building as the grant for these sectors has been increased by about 43.7% and 77.5%, respectively, compared to last year. Indian apparel market is expected to reach US\$ 85 billion by 2021<sup>14</sup>. Enhancing India's textiles competitiveness globally, alongside PLI, the scheme for Mega Integrated Textile Regions and Apparel Parks (MITRAs) has been announced in the Budget 2021-22, creating world class infrastructure with plug n play facilities. These 7 Textile Parks to be established over 3 years.

Our stated desire to move our apparel business to breakeven has been delayed due to the Covid-19 disruption. Our outlook for FY 22 remains cautious for apparel business.

<sup>11</sup><https://pib.gov.in/PressReleaseDetail.aspx?PRID=1684735>

<sup>12</sup><https://pib.gov.in/PressReleasePage.aspx?PRID=1669762>

<sup>13</sup><https://www.financialexpress.com/budget/union-budget-2021-textile-industry-welcomes-union-budget-urges-withdrawal-of-10-cotton-import-duty/2186650/>

<sup>14</sup><https://www.investindia.gov.in>



## Company and Business Overview

Pokarna is involved in the supply of raw as well as processed granite, with majority of our finished granite products exported to the United States and raw granite blocks exported to China. The company has quarrying operations in Telangana, Andhra Pradesh and Tamil Nadu, with two granite processing facilities around Hyderabad. We also manufacture apparel under the brand name STANZA, with retail operations for the same.

Pokarna's wholly owned subsidiary - Pokarna Engineered Stone Limited ("PESL") is India's largest exporter of natural quartz surface and has earned significant reputation for its innovation in design and performance. PESL's research, design and development efforts are key factors in its success. PESL is committed to growing share in many markets through its differentiated designs strategy. PESL's Business Strategy provides a consistent vision for the Company and focuses employees on key priorities. This strategy is cascaded down through the Company with an emphasis on certain key points:

- Optimizing the Company's position as the high quality and innovative producer by delivering exceptional value to customers
- Treating employees fairly to retain the best
- Driving innovation in every aspects of the business
- Taking reasonable and well considered risks to grow the business

Globally, PESL is one of the largest manufacturers of premium quality quartz surface in a fragmented industry composed of a wide variety of companies ranging from small, privately-held firms to large multi-nationals. The principal methods of competition within the industry generally are product innovation, designs, quality, price, performance technology and service.

PESL actively seeks to differentiate its quartz surface in the marketplace by introducing innovative products with premium features that provide a superior value proposition. Pokarna's investments in manufacturing technology, as well as the Company's marketing strategies and resources, contribute to its ability to compete on the basis of performance, quality, style and service, rather than price.

PESL has integrated product offerings along with the manufacturing of quartz surfaces, which includes measurement, fabrication and installation for its end users in India. Also, PESL is an exclusive partner of IKEA in India for measurement, supply and installation of made to measure quartz surface worktops in India.

In March 2021, PESL commercialised operations at its new unit which we believe is the world's most technologically advanced quartz facility. Through state-of-the-art automation at this new unit, PESL would be able to develop more sophisticated visuals such as luxury marble looks to distinguish our products and improve our margins. PESL started commercial production at the new unit with basic to mid-range products as it ramps up production and optimize processes and formulations.

During FY 22, PESL will continue to ramp up production at new unit, and will improve sales and costs as it progresses through the year. As volumes and efficiencies increase, PESL will more fully realize the potential of this new unit in FY 22 and in the future. From a long-term perspective, this expansion should make the Company stronger, more diversified and more profitable.

## Financial Performance

The information provided in this section relate to the consolidated financial results pertaining to the year ended 31st March 2021. The financial statements of the Company and its subsidiaries have been prepared in accordance with the Indian Accounting standards (Ind AS), prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules as amended from time to time. The table below provides an overview of key financial parameters.

### INR in Crores







Particulars	(₹ in Crore)		
	2020-21	2019-20	YoY Change (in %)
Consolidated Revenue	295.04	393.91	- 25%
Consolidated EBITDA	87.83	136.08	- 35%
Consolidated PAT	28.29	70.73	- 60%
Net Worth	365.57	338.70	8%

## Key Financial Ratios of Pokarna Limited:

Particulars	2020-21	2019-20	YoY Change (in %)	Reason for Change
Debtors Turnover (Days)	45	49	-8%	No significant change
Inventory Turnover (Days)	329	277	19%	No significant change
Interest Coverage Ratio	1.20	-0.37	424%	Due to positive operating margins
Current Ratio	1.10	1.01	9%	No significant change
Debt equity ratio	0.40	0.42	-5%	No significant change
Operating profit Margin (%)	0.07	-0.03	333%	Due to focussing on improving product mix, efficiency and cost rationalization measures
EBITDA margin (%)	20	13	54%	
Net Profit Margin (%)	0.37	-6	106%	
Return on Net Worth (%)	0.22	-4	106%	Due to positive operating margins

## Risk Management at Pokarna

The quarrying industry is exposed to numerous external and internal challenges. Pokarna's comprehensive risk management framework focuses on promptly identifying potential risks, assessing its material impact and aims to mitigate its effects to minimize losses.

Risks	Description	Mitigation
 Operational Risk	Quarrying activities of the Company are subject to the hazards and subsoil risk, i.e. the risk of known and unforeseeable effects and difficulties originating from the subsoil (all underground, geological risks).	We mitigate this risk through implementation of robust health and safety training practices. The Company has instilled a zero-tolerance attitude for safety incidents across all level of operations. All significant incidents on site are required to be reported to the Board of Directors. Other operational risks are mitigated using trained personnel.
 Quarry development Risk	Several of the Company's quarries and pits are at an early stage of development. As a result, there can be no assurance that the colour, texture, quality and other characteristics of the granite slabs processed and blocks mined from the quarries will be consistent with the material that has been quarried to date. If the granite block extracted is of a lower quality than expected, then demand for, and the realisable price may be lower than expected.	We mitigate these risks with the use of highly trained quarry personnel and geologists, and the detailed assessment of the resource including, where appropriate, drilling, technical surveys and third-party reviews.
 Production and sales risk	The Company may incur losses unless and until such time as some or all the quarries are at a level of development which allows the production of commercially significant volumes of material and generation of sufficient revenues to fund continuing operations.	We mitigate this risk by having an approved business plan and targets while working within strict working capital controls with robust budgeting and cost control processes.
 Environmental risks and hazards.	The Company's quarrying operations are subject to environmental regulation. Environmental legislation is evolving in a manner that may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.	We have developed policies and procedures to ensure that environmental standards are met in excess of current local legislation. We will continue to monitor evolving standards within each of its operating environment and take appropriate action.
 Breaches in information/ IT security	Like many other organisations, our reliance on computers and network technology is increasing.  Any cyber security breach could have an impact on business operations.	We have standard operating procedure in place for information and IT security. IT security policies and procedures are defined. An IT system is in place to monitor logical access controls.
 Community Relations	The continued success of our existing operations and future projects are in part dependent upon broad support and a healthy relationship with the respective local communities. Failure to identify and manage local concerns and expectations could affect the organization's reputation and social license to operate and grow.	We mitigate these risks by having periodic engagements with all local communities to establish relations based on trust and mutual benefit. Our focus is on local consent prior to accessing resources or starting work. We seek to identify and minimise potential negative operational impacts and risks through responsible behaviour – acting transparently and ethically, promoting dialogue and complying with commitments to stakeholders. The Board's Corporate Social Responsibility (CSR) Committee decides the focus areas of all CSR activities, budget and programmes to be undertaken.

Risks	Description	Mitigation
 <b>Currency exchange rate fluctuations</b>	We derive substantial income from exports. We have foreign currency loans and we also import some portion of our raw materials and a significant part of our consumables and capital equipment. Any volatility in the Currency exchange rate would therefore impact the Company.	We mitigate these risks by not speculating in forex. The Audit Committee reviews our forex-related matters periodically and suggests necessary courses of action as may be needed by businesses from time to time, and within the overall framework of our forex policy.
 <b>Operational turnaround of apparel business</b>	Losses of the apparel division impacts overall profitability of the Company.	We are making efforts to improving performance of this business and become operationally positive.
 <b>Financial risk</b>	PESL's capex plans include, from time to time, expansion, productivity improvement, technology upgrades, operating efficiency optimization and repair or replacement of its existing facilities and equipment. The overweight of capital expenditures to revenues may result in stress in financial books.	We believe our capital resources will be adequate to meet our current projected operating needs, capital expenditures and other cash requirements. We have track record of good relations with banks, and of raising borrowings in last few years. We have taken necessary steps to ensure that construction and operation timelines for the capital expenditure projects are within the time limits set.
 <b>Trade credit</b>	Trade arrangements with certain customers include the provision of short-term trade. The Company is therefore exposed to the credit risk for a portion of its sales.	We mitigate this risk through assessment of individual customer credit limits and tight credit monitoring with ageing of balances outstanding.
 <b>Trade Restrictions</b>	Substantial portion of Company's products are exported to the US. Company's financial results are dependent on continued access to the US markets and tariffs and other trade barriers that restrict or prevent access represent a continuing risk to us.	We plan to mitigate this risk by diversifying into other markets and strengthening our position in non-US markets where we are already present.
 <b>People</b>	The Company's efforts to continue its growth and efficient operations will place significant demand on its management resources. Our highly skilled workforce and experienced management team is critical to maintaining its current operations, implementing its development projects and achieving longer-term growth.	We plan to invest in initiatives that widen our talent pool. Our performance management system is designed to provide reward and remuneration structures and personal development opportunities to attract and retain key employees.

### Internal control systems and their adequacy

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

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

**Human resource and Industrial relations**

The Company considers the valued employees as one of the most crucial components of the organisation and essential to the success and fulfilment of the undertaken endeavours. Pokarna, one of the most established brands in the industry, is heavily focused on developing a strong team of skilled employees equipped to address a diverse range of competencies. Further, the Company adopted has best practices and created Standard Operating Procedure (SOP) for most functions to enable operational efficiency and consistency across processes. During the recent COVID-19 outbreak, Pokarna took proactive measures to effectively communicate with its employees and stakeholders and adopted necessary precautions to ensure complete safety and security of its people.

The Company aims to develop a productive and empowering atmosphere for all employees to help them grow and reach their full potential. It ensures that employees are treated fairly and are able to maintain a healthy work life balance so as to feel refreshed and able to commit fully to the work at hand. The company also nurtures skill development activities for the employees which allows them to earn experience in various job specific roles, and helps to promote a learning environment and encourage growth for the employees as well as the company.

**Cautionary Statement**

Certain statements in this report concerning future prospects may be forward-looking statements which involve a number of underlying identified / non identified risks and uncertainties that could cause actual results to differ materially. In addition to the foregoing changes in the macro-environment, global pandemic like COVID-19 may pose an unforeseen, unprecedented, unascertainable and constantly evolving risk(s), inter-alia, to the Company and the environment in which it operates. The results of these assumptions made, relying on available internal and external information, are the basis for determining certain facts and figures stated in the report. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based, are also subject to change accordingly. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise.

# Notice of the Thirtieth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 30TH ANNUAL GENERAL MEETING OF THE MEMBERS OF POKARNA LIMITED (THE COMPANY) WILL BE HELD ON 6TH AUGUST, 2021, FRIDAY AT 11:00 A.M IST THROUGH VIDEO CONFERENCING ("VC") / OTHER AUDIOVISUAL MEANS ("OAVM") TO TRANSACT THE FOLLOWING BUSINESSES:

## Ordinary Business

### 1. To receive, consider and adopt:

- (a) the Audited Standalone Financial Statements of the Company consisting of the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the reports of the Board of Directors and the Auditors report thereon; to consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Ordinary Resolutions**:

**"RESOLVED THAT** the audited Standalone financial statements of the Company consisting of the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the reports of the Board of Directors and the Auditors report, as circulated to the Members, be and are hereby considered and adopted."

- (b) the Audited Consolidated Financial Statements of the Company consisting of the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the Auditors' Report thereon; to consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Ordinary Resolutions**:

**"RESOLVED THAT** the audited Consolidated financial statements of the Company consisting of the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the reports of the Board of Directors and the Auditors report, as circulated to the Members, be and are hereby considered and adopted."

2. To declare dividend on equity shares for the financial year 2020-21.

3. To appoint a director in place of Mr. Rahul Jain (DIN: 00576447), who retires by rotation and being eligible, offers himself for re-appointment.

## Special Business

### 4. Re-Appointment of Mr. Gautam Chand Jain as the Chairman and Managing director.

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with Schedule V and other applicable provisions of the Act, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof], and based on the recommendation of Nomination & Remuneration Committee and subject to such other approvals, permissions and sanctions as may be required, consent of the Company be and is hereby accorded to the re-appointment and terms of remuneration of Mr. Gautam Chand Jain (Din: 00004775) as the Chairman & Managing Director of the Company for the period of five (5) years from 01 July 2021 till 30 June 2026, not liable to retire by rotation, upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the Explanatory Statement annexed to this Notice with liberty to the Board of Directors (hereinafter referred to as 'the Board', which term shall be deemed to include the Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and remuneration in such manner as may be agreed to between the Board and Mr. Gautam Chand Jain.

**RESOLVED FURTHER THAT** pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and other applicable provisions, if any, and as per the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, the consent of members of the Company be and is hereby accorded to payment of remuneration to Mr. Gautam Chand Jain as per terms and conditions approved by the shareholders, notwithstanding that such payment(s) exceed the limits prescribed under Reg.17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations.

**RESOLVED FURTHER THAT** the remuneration approved hereby to be paid either monthly, quarterly or half yearly or otherwise as may be agreed to between the Board and Mr. Gautam Chand Jain.

**RESOLVED FURTHER THAT** the Directors and Company Secretary be and are hereby severally authorized to file the necessary returns with Registrar of Companies and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution.”

#### 5. Re-Appointment of Mr. Rahul Jain as the Managing Director

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

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’), read with Schedule V and other applicable provisions of the Act, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof], and based on the recommendation of Nomination & Remuneration Committee and subject to such other approvals, permissions and sanctions as may be required, consent of the Company be and is hereby accorded to the re-appointment and terms of remuneration of Mr. Rahul Jain (DIN: 00576447) as the Managing Director of the Company for the period of five (5) years from May 02, 2021 to May 01, 2026, liable to retire by rotation, upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the Explanatory Statement annexed to this Notice with liberty to the Board of Directors (hereinafter referred to as ‘the Board’, which term shall be deemed to include the Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and remuneration in such manner as may be agreed to between the Board and Mr. Rahul Jain.

**RESOLVED FURTHER THAT** pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and other applicable provisions, if any, and as per the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, the consent of members of the Company be and is hereby accorded to payment of remuneration to Mr. Rahul Jain as per terms and conditions approved by the shareholders, notwithstanding that such payment(s) exceed the limits prescribed under Reg.17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations.

**RESOLVED FURTHER THAT** the remuneration approved hereby to be paid either monthly or quarterly or half yearly or otherwise as may be agreed to between the Board and Mr. Rahul Jain.

**RESOLVED FURTHER THAT** the Directors and Company Secretary be and are hereby severally authorized to file the necessary returns with Registrar of Companies and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution.”

#### 6. Appointment of Dr. Jayshree Rajesh Sanghani as an Independent director

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualifications of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), on the recommendation of the Nomination & Remuneration Committee and approval of the Board of Directors for appointment of Dr. Jayshree Rajesh Sanghani (DIN: 09007808) as an Additional Director in the capacity of an Independent Director of the Company w.e.f. 24th December, 2020, who has submitted a declaration that she meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations and is eligible for appointment, and in respect of whom the Company has received a notice in writing in terms of Section 160(1) of the Act and who holds office as such up to the date of ensuing Annual General Meeting, be and is hereby, appointed as an Independent Director of the Company not liable to retire by rotation, to hold office for the period of five (5) years from 24th December, 2020 up to 23 December 2025.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) and / or Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

#### 7. Approval for payment of commission to Non-Executive Directors for a period of five (5) years commencing from 01 April 2021

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of sections 197 read along with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (hereinafter referred to as the ‘Act’) a sum not exceeding one percent per annum of the net profits of the Company, calculated in accordance with the provisions of sections 198 of the Act, be paid to and distributed amongst the directors of the Company or some or any of them (other than the Managing Director and Whole-time Directors, if any) in such amounts, subject to such ceiling/s and in such manner and in such respects, as may be decided by the Board of Directors of the Company and such payments shall be made in respect of the profits of the Company for each year for a period of five (5) years commencing from 1 April 2021.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the term mentioned above, the Non-executive Directors shall be paid remuneration by way of Commission as set out above, as may be decided by the Board of Directors of the Company, notwithstanding that it may exceed one percent of the net profits of the Company and subject to such restrictions, if any, as may be set out in the applicable provisions of and schedule V to the Act, from time to time.”

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By Order of the Board  
For, **Pokarna Limited**

**Registered Office:**

105, First Floor, Surya Towers,  
S. P. Road, Secunderabad – 500 003.  
CIN: L14102TG1991PLC013299  
Date: 21st June, 2021.

Sd/-  
**Babita Chandrakar**  
Company Secretary  
ACS No.: A43673



## Notes and Shareholder Information:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular nos. 14/2020 and 17/2020 dated April 8, 2020, April 13, 2020, circular no. 20/2020 dated May 5, 2020 and 02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting through VC / OAVM, without the physical presence of the Members at a common venue. Further, Securities and Exchange Board of India vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 (collectively referred to as "SEBI Circulars") also permitted the holding of the Annual General Meeting through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the Annual General Meeting of the members of the Company is being held through VC / OAVM (hereinafter referred to as "AGM" or "e-AGM"). The registered office of the Company shall be deemed to be the venue for the e-AGM.
2. The company has appointed KFin Technologies Private Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the e-AGM and the attendant enablers for conducting of the e-AGM.
3. The Board of Directors at its meeting held on 21st June, 2021 has decided that the special businesses set out under item no. 4 to 7, being considered 'unavoidable', be transacted at the e-AGM of the Company.
4. An Explanatory Statement under Section 102(1) of the Companies Act, 2013 ("the Act") setting out material facts concerning the special business in respect of resolutions under Item No's. 4 to 7 is annexed hereto.
5. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf who may or may not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC, physical attendance of Members has been dispensed with. Further as per the MCA Circulars, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. Disclosure pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with respect to Directors seeking re-appointment / appointment at the Meeting is given below:

7. (i) Mr. Rahul Jain, (DIN 00576447)

Designation	Managing Director
Date of Birth	09.11.1979
Date of First Appointment on the Board	17.09.2001
Qualification	Graduate from University of Michigan, Ann Arbor, USA
Expertise in specific functional areas	He has over 20 years of Experience in Marketing, Corporate Planning, General Corporate Management and Information Technology.
Shareholding of as on 31st March, 2021.	4,98,500
Number of Meetings of the Board attended during the year	1
Names of listed entities in which the person also holds the directorship and the membership of the committees of Board.	Nil
Disclosure of relationships between directors inter-se	Son of Mr. Gautam Chand Jain, Chairman and Managing Director and Spouse of Mrs. Apurva Jain, Whole time Director.

- (ii) Mr. Gautam Chand Jain, (DIN 00004775)

Designation	Chairman & Managing Director
Date of Birth	15.08.1955
Date of First Appointment on the Board	09.10.1991
Qualification	Commerce Graduate
Expertise in specific functional areas	He has over 40 years of experience in Corporate Planning, Corporate Management and industrial experience.
Shareholding of as on 31st March, 2021.	1,41,87,045
Number of Meetings of the Board attended during the year	4
Names of listed entities in which the person also holds the directorship and the membership of the committees of Board.	Nil
Disclosure of relationships between directors inter-se	Brother of Mr. Prakash Chand Jain, Director, Father of Mr. Rahul Jain, Managing Director and Father-in-Law of Mrs. Apurva Jain, Whole Time Director



(iii) Dr. Jayshree Rajesh Sanghani, (DIN 09007808)

Designation	Independent Director
Date of Birth	20.10.1958
Date of First Appointment on the Board	24.12.2020
Qualification	Doctorate from Mewar University, Rajasthan, Bachelor of Commerce from Osmania University followed by Masters of Science in Psychology from Madras University.
Expertise in specific functional areas	Founder President of Reach BeYond NGO, Centre for Positive Psychology is a Counseling Psychologist with an experience of 20 years.
Shareholding of as on 31st March, 2021.	Nil
Number of Meetings of the Board attended during the year	1
Names of listed entities in which the person also holds the directorship and the membership of the committees of Board.	Nil
Disclosure of relationships between directors inter-se	Nil

8. Since the AGM will be held through VC / OAVM, the route map of the venue of the Meeting is not annexed hereto.
9. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to the Scrutinizer at kvcr133@gmail.com with a copy marked to evoting@kfintech.com and company's email id at companysecretary@pokarna.com.
10. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before Wednesday, 4th August 2021 through email on companysecretary@pokarna.com The same will be replied by the Company suitably.
12. To receive shareholders' communications through electronic means, including Annual Reports and Notices, members are requested to kindly register/update their e-mail address with their respective depository participant, where shares are held in electronic form. Where shares are held in physical form, members are advised to register their e-mail address with KFin by clicking on the link <https://karisma.kfintech.com/emailreg>. Further, the Company has availed of services offered by KFin to update e-mail addresses of shareholders of the Company who have not registered their e-mail addresses. Members are requested to respond to their messages and register their e-mail id and support the green initiative efforts of the Company.
13. Further, those members who have not registered their e-mail addresses and mobile nos. and in consequence could not be served the Annual Report and Notice of e-AGM, may temporarily get themselves registered with KFin, by clicking the link: <https://karisma.kfintech.com/emailreg> for obtaining the same.

#### DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

11. In terms of section 101 and 136 of the Act, read together with the Rules made thereunder, the listed companies may send the notice of annual general meeting and the annual report, including Financial Statements, Board Report etc. by electronic mode. Pursuant to the said provisions of the Act read with MCA Circulars, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those members whose e-mail addresses are registered with the Company/Depositories. Members may note that the Notice of the AGM along with the Annual Report 2020-21 will also be available on the Company's website <https://www.pokarna.com/>, websites of the Stock Exchanges, that is, BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively, and on the website of Company's Registrar and Transfer Agent, KFin Technologies Private Limited ("KFinTech") at <https://evoting.kfintech.com>.

#### PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

14. The Company will provide VC / OAVM facility to its members for participating at the AGM.
  - a) members will be able to attend the AGM through VC / OAVM or view the live webcast at <https://emeetings.kfintech.com> by using their e-voting login credentials. members are requested to follow the procedure given below:
    - (i) Launch internet browser (chrome/firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
    - (ii) Enter the login credentials (i.e., User ID and password for e-voting).
    - (iii) After logging in, click on "Video Conference" option.
    - (iv) Then click on camera icon appearing against AGM event of Pokarna Limited, to attend the Meeting.

- b) Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.
  - c) Members who would like to express their views or ask questions during the AGM may register themselves by logging on to <https://emeetings.kfintech.com> and clicking on the 'Speaker Registration' option available on the screen after log in. The Speaker Registration will be open during Saturday, 31st July, 2021 to Wednesday, 4th August, 2021. Only those members who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
  - d) As per the MCA Circular up to 1000 members will be able to join the e-AGM on a first-come-first-served basis. However, this restriction shall not apply to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
  - e) Facility to join the meeting shall be opened thirty minutes before the scheduled time of the AGM and shall be kept open throughout the proceedings of the AGM.
  - f) Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
  - g) Further members will be required to allow access to the Camera, if any, and are requested to use Internet with good speed to avoid any disturbance during the meeting.
  - h) Please note that participants using Mobile Devices or Tablets or Laptops and are accessing the internet via "Mobile Hotspot" may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  - i) Members, who need assistance before or during the AGM, can contact KFinTech on [emeetings@kfintech.com](mailto:emeetings@kfintech.com) or call on toll free numbers 1800-425-8998 / 1800-345-4001. Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.
15. The members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The members may click on the voting icon displayed on the screen to cast their votes.
  16. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
  17. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.
  18. Members attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.
  19. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM.

#### PROCEDURE FOR REMOTE E-VOTING AND E-VOTING AT THE AGM:

20. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of SEBI Listing Regulations, the Company is providing to its members facility to exercise their right to vote on resolutions proposed to be passed at AGM by electronic means ("e-voting"). Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below ("remote e-voting").

Further, the facility for voting through electronic voting system will also be made available at the Meeting ("Insta Poll") and members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote at the Meeting through Insta Poll.

The Company has engaged the services of KFinTech as the agency to provide e-voting facility.

The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions given below.

The remote e-voting facility will be available during the following voting period:

**Commencement of remote e-voting: 09:00 AM (IST) on Sunday, 1st August, 2021**

**End of remote e-voting: 05:00 PM (IST) on Thursday, 5th August, 2021**

The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be forthwith disabled by KFinTech upon expiry of the aforesaid period.

Voting rights of a member / beneficial owner (in case of electronic shareholding) shall be in proportion to his share in the paid-up equity share capital of the Company as on the cut-off date, i.e., Friday, 30th July, 2021.

The Board of Directors of the Company has appointed Mr. K.V. Chalama Reddy, Practicing Company Secretary, (FCS NO. 9268), as Scrutinizer to scrutinize the remote e-voting and Insta Poll process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the said purpose.

## 21. Information and instructions relating to e-voting are as under:

- (i) The members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.
- (ii) A member can opt for only single mode of voting per EVEN, i.e., through remote e-voting or voting at the Meeting (Insta Poll). If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as "INVALID".
- (iii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e., Friday, 30th July, 2021 only shall be entitled to avail the facility of remote e-voting or for participation at the AGM and voting through Insta Poll. A person, who is not a member as on the cut-off date, should treat the Notice for information purpose only.
- (iv) Any person, who acquires shares and becomes Member of the Company after the dispatch of the Notice and holds shares as on the Cut-off date i.e. Friday, 30th July, 2021 may write to Kfintech on the email Id at [evoting@Kfintech.com](mailto:evoting@Kfintech.com) or to Mr. Vasanth, Manager Ph: 040-67161527, at KFin Technologies Private Limited, Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India, requesting for User ID and Password.
- (v) The Company has opted to provide the same electronic voting system at the Meeting, as used during remote e-voting, and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the Meeting and may be used for voting only by the members holding shares as on the cut-off date who are attending the Meeting and who have not already cast their vote(s) through remote e-voting.

## 22. Information and instructions for remote e-voting:

The procedure and instructions for the remote e-voting facility for Individual shareholders holding securities in demat mode are provided as follows.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p><b>1. User already registered for IDeAS facility:</b></p> <ol style="list-style-type: none"> <li>I. Visit URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.</li> <li>III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"</li> <li>IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</li> </ol> <p><b>2. User not registered for IDeAS e-Services</b></p> <ol style="list-style-type: none"> <li>I. To register click on link : <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>II. Select "Register Online for IDeAS" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>III. Proceed with completing the required fields.</li> <li>IV. Follow steps given in points 1</li> </ol> <p><b>3. Alternatively by directly accessing the e-Voting website of NSDL</b></p> <ol style="list-style-type: none"> <li>I. Open URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></li> <li>II. Click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</li> <li>IV. Post successful authentication, you will requested to select the name of the company and the e-Voting Service Provider name, i.e. Kfintech.</li> <li>V. On successful selection, you will be redirected to Kfintech e-Voting page for casting your vote during the remote e-Voting period.</li> </ol>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li><b>Existing user who have opted for Easi / Easiest</b> <ol style="list-style-type: none"> <li>Visit URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>Click on New System Myeasi</li> <li>Login with your registered user id and password.</li> <li>The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFinTech e-Voting portal.</li> <li>Click on e-Voting service provider name to cast your vote.</li> </ol> </li> <li><b>User not registered for Easi/Easiest</b> <ol style="list-style-type: none"> <li>Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Proceed with completing the required fields.</li> <li>Follow the steps given in point 1</li> </ol> </li> <li><b>Alternatively, by directly accessing the e-Voting website of CDSL</b> <ol style="list-style-type: none"> <li>Visit URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>Provide your demat Account Number and PAN No.</li> <li>System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</li> <li>After successful authentication, user will be provided links for the respective ESP, i.e. KFinTech where the e-Voting is in progress.</li> </ol> </li> </ol>
Individual Shareholder login through their demat accounts / Website of Depository Participant	<ol style="list-style-type: none"> <li>You can also login using the login credentials of your demat account through your DP registered with NSDL / CDSL for e-Voting facility.</li> <li>Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</li> <li>Click on options available against company name or e-Voting service provider – KFinTech and you will be redirected to e-Voting website of KFinTech for casting your vote during the remote e-Voting period without any further authentication.</li> </ol>

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: <b>1800 1020 990</b> and <b>1800 22 44 30</b>
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at <b>022- 23058738</b> or <b>022-23058542-43</b>

### 23. Information and instructions for remote e-voting by (i) shareholders other than individuals holding shares of the company in demat mode and (ii) all shareholders holding shares in physical mode

#### A. In case a Member receives an e-mail from the Company / KFinTech [for members whose e-mail address is registered with the Company / Depository Participant(s)]:

- Launch internet browser by typing the URL: <https://evoting.kfintech.com/>
- Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed

by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFinTech for e-voting, you can use your existing User ID and password for casting the vote. If required, please visit <https://evoting.kfintech.com> or contact toll-free numbers 1800-425-8998 / 1800-345-4001 (from 9:00 a.m. to 6:00 p.m. on all working days) for assistance on your existing password.

- After entering these details appropriately, click on "LOGIN".
- You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of

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

- (v) You need to login again with the new credentials.
- (vi) On successful login, the system will prompt you to select the "EVENT" i.e., **POKARNA LIMITED AGM** and click on "Submit". Shareholders to select the respective evens and vote depending upon their shareholding - fully paid-up or partly paid-up or both.
- (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as on the cut-off date. You may also choose the option ABSTAIN. and the shares held will not be counted under either head.
- (viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
- (ix) Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as "ABSTAINED".
- (x) You may then cast your vote by selecting an appropriate option and click on "Submit".
- (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).
- (xii) Corporate/Institutional members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting. together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id kvcr133@gmail.com with a copy marked to evoting@kfintech.com and companysecretary@pokarna.com. The scanned image of the above-mentioned documents should be in the naming format "POKARNA Event No."

**B. Members whose email IDs are not registered with the Company/Depository Participants(s)/Kfintech, and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:**

- (i) Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with Kfintech, by accessing the link: <https://ris.kfintech.com/clientservices/mobileereg/mobileemailreg.aspx>. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
- (ii) Alternatively, member may send an e-mail request at the email id [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.
- (iii) After receiving the e-voting instructions, please follow all steps at (I)(A) to cast your vote by electronic means.
- (iv) Members can also update their mobile number and e-mail address in the "user profile details" in their e-voting login on <https://evoting.kfintech.com> which may be used for sending further communication(s).

**C. Any person who becomes a Member of the Company after dispatch of the Notice of the Meeting and holding shares as on the Cut-off Date / any Member who has forgotten the User ID and Password, may obtain / generate / retrieve the same from KFinTech in the manner as mentioned below:**

- (i) If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
  1. Example for NSDL:
  2. MYEPWD <SPACE> IN12345612345678
  3. Example for CDSL:
  4. MYEPWD <SPACE> 1402345612345678
  5. Example for Physical:
  6. MYEPWD <SPACE> XXXX1234567890
- (ii) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.



- (iii) Members who may require any technical assistance or support before or during the AGM are requested to contact KFinTech at toll free number 1-800-309-4001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com).

#### **24. Members are requested to note the following contact details for addressing e-voting grievances:**

Mr. Vasanth, Manager at KFin Technologies Private Limited, Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India, Ph: 040-67161527, Toll-free No.: 1800-425-8998 / 1800-345-4001, email: [evoting@kfintech.com](mailto:evoting@kfintech.com)

#### **25. Information and instructions for Insta Poll:**

Facility to vote through Insta Poll will be made available on the Meeting page (after you log into the Meeting) and will be activated once the Insta Poll is announced at the Meeting. An icon, "Vote", will be available at the bottom left on the Meeting Screen. Once the voting at the Meeting is announced by the Chairman, Members who have not cast their vote using remote e-voting will be able to cast their vote by clicking on this icon.

#### **E-VOTING RESULT:**

26. The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting (Insta Poll) and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairman. The result of e-voting will be declared within forty-eight hours of the conclusion of the Meeting and the same, along with the consolidated Scrutiniser's Report, will be placed on the website of the Company: [www.pokarna.com](http://www.pokarna.com) and on the website of KFinTech at: <https://evoting.kfintech.com>. The result will simultaneously be communicated to the Stock Exchanges.
27. Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the Meeting, i.e., Friday, 6th August, 2021.

#### **PROCEDURE FOR INSPECTION OF DOCUMENTS:**

28. Members who wish to inspect, the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013, can send an email to [igrc@pokarna.com](mailto:igrc@pokarna.com).

#### **IEPF RELATED INFORMATION:**

29. In terms of section 124(5) of the Act, dividend amount for the year ended 31 March 2014 remaining unclaimed for a period of seven years shall become due for transfer in October 2021 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Further, in terms of section 124(6) of the Act, in case of such shareholders whose dividends are unpaid for a continuous period of seven years, the

corresponding shares shall be transferred to the IEPF's demat account.

30. Members who have not claimed dividends in respect of the financial years from 2013-14 onwards are requested to approach the Company/KFin for claiming the same as early as possible, to avoid transfer of the relevant shares to the IEPF's demat account.

#### **DIVIDEND RELATED INFORMATION:**

31. The Company has fixed Friday, 30th July, 2021 as the 'Record Date' for the purpose of AGM and for determining entitlement of Members to dividend for the financial year ended March 31, 2021.
32. The dividend for the year ended 31 March 2021 as recommended by the Board, i.e. 30% @ ₹0.60 (Sixty paise only) per equity share of ₹2/- each, if declared at the meeting, will be paid to those members whose names appear in the Company's register of members as on the Record Date. In respect of the shares held in dematerialised mode, to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date. The dividend on equity shares, if declared at the meeting, will be credited / dispatched within 30 days from the date of this meeting.
33. Payment of dividend shall be made through electronic mode to the Shareholders who have updated their bank account details. Dividend warrants / demand drafts / cheque will be despatched to the registered address of the shareholders who have not updated their bank account details.
34. Members holding shares in physical form are requested to notify/send any change in their address and bank account details to Registrar and Share Transfer Agents, KFinTech or the Company. Members whose shareholding is in electronic mode are requested to direct change of address notifications and updates of bank account details / PAN to their respective depository participant(s). Members are encouraged to utilize Electronic Clearing System (ECS) for receiving dividends.
35. Members are requested to address all correspondence, including on dividends, to the Registrar and Share Transfer Agents, KFinTech, Unit: Pokarna Limited, Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032.
36. The Finance Act, 2020 has abolished the Dividend Distribution Tax ('DDT') and has introduced the system of dividend taxation in the hands of the shareholders with effect from 1 April 2020. Accordingly, the Company would be required to deduct Tax at Source ('TDS') in respect of approved payment of dividend to its shareholders (resident as well as non-resident). Tax shall be deducted at source under section 194 of the Income Tax Act, 1961 ('IT Act') @ 10% on the amount of dividend declared and paid by the Company during financial year 2021-22, subject to the following:

S. No	Particulars	Rate of TDS applicable	Section under the IT Act
1	PAN is not available/ Invalid PAN	20%	206AA
2	Non-linking of PAN with Aadhaar, if allotted (Refer Note 1)	20%	206AA
3	Non-filing of return of income tax for any of the last two financial years (i.e. FY 2018-19 and FY 2019-20); and TDS as well as TCS deduction in each of these years in case of the shareholder is ₹50,000 or more (Refer Note 2)	20%	206AB

**Note 1:** As per section 139AA(2) of the IT Act read with Rule 114AAA of the Income Tax Rules, 1962, currently, PAN is mandatorily required to be linked with Aadhaar by 30 June 2021. If PAN is not linked with Aadhaar by 30 June 2021 (unless such due date is extended), such PAN will be deemed inoperative and tax at source will be required to be deducted at higher rates under section 206AA of the IT Act.

**Note 2:** Provisions of section 206AB of the IT Act are applicable with effect from 1 July 2021, unless such date of applicability is extended. No tax shall be deducted at source on the dividend payable to a resident individual if the total dividend to be received by the said resident individual from the Company during a financial year does not exceed ₹5,000; or if an eligible resident shareholder provides a valid declaration in Form 15G/ Form 15H or other documents as may be applicable to different categories of shareholders. Further, if a shareholder has obtained a lower or Nil withholding tax certificate from the tax authorities and provides a copy of the same to the Company, tax shall be deducted on the dividend payable to such shareholder at the rate specified in the said certificate.

#### Non-resident Shareholders:

Tax is required to be deducted at source in the case of non-resident shareholders in accordance with the provisions of section 195 of the IT Act at the rates in force. As per the relevant provisions of the IT Act, the TDS on dividend shall be @ 20% or applicable rate plus applicable surcharge and health and education cess on the amount of dividend payable to the non-resident shareholders. For FII/ FPI shareholders, section 196D provides for TDS @ 20% or applicable rate plus applicable surcharge and health and education cess. However, as per section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) read with applicable Multilateral Instrument provisions, if they are more beneficial to them.

A list of documents/ declarations required to be provided by the resident shareholders and list of documents/declarations required to claim the benefit of DTAA by the non-resident shareholders should be uploaded with KFin Technologies Pvt Ltd., the Registrar and Transfer Agent at <https://ris.kfintech.com/form15> or e-mailed to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

No communication on the tax determination/ deduction shall be entertained after 31st July, 2021.

The above referred documents submitted by you will be verified by us and we will consider the same while deducting the appropriate taxes, if any, provided that these documents are in accordance with the provisions of the IT Act.

In addition to the above, please note the following:

- In case you hold shares under multiple accounts under different status/category but under a single PAN, the highest rate of tax as applicable to the status in which shares held under the said PAN will be considered on the entire holding in different accounts.
- In case of joint shareholding, the withholding tax rates shall be considered basis the status of the primary beneficial shareholder.
- For deduction of tax at source, the Company would be relying on the above data shared by KFin as updated up to the record date. It may be further noted that in case tax on dividend is deducted at a higher rate in the absence of receipt of any of the aforementioned details/ documents from the shareholders, the shareholders may consider filing their return of income and claiming an appropriate refund, as may be eligible. No claim shall lie against the Company for such taxes deducted.

The Company shall arrange to e-mail the soft copy of the TDS certificate to shareholders at the registered e-mail id within the prescribed time, post payment of the said dividend, if declared in the AGM. The said certificate can also be viewed in Form 26AS at TRACES <https://www.tdscpc.gov.in/app/login.xhtml> or the website of the Income Tax department of India <https://www.incometax.gov.in/home>.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Shareholder/s, such Shareholder/s will be responsible to indemnify the Company, and also provide the Company with all information/ documents and co-operation in any assessment/ appellate proceedings before the Tax/ Government authorities

This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

**OTHER INFORMATION:**

35. Securities and Exchange Board of India ("SEBI") has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. Accordingly, the Company / KFinTech have stopped accepting any fresh lodgement of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialisation.
36. Members holding shares in physical mode are:
- required to submit their Permanent Account Number (PAN) and bank account details to the Company / KFinTech, if not registered with the Company / KFinTech, as mandated by SEBI by writing to the Company at [igrc@pokarna.com](mailto:igrc@pokarna.com) or to KFinTech at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with the details of folio no., self-attested copy of PAN card, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details) and cancelled cheque.
  - advised to register nomination in respect of their shareholding in the Company.
37. Members holding shares in electronic mode are:
- requested to submit their PAN and bank account details to their respective Depository Participants ("DPs") with whom they are maintaining their demat accounts.
  - advised to contact their respective DPs for registering nomination.
38. Non-Resident Indian members are requested to inform KFinTech / respective DPs, immediately of:
- Change in their residential status on return to India for permanent settlement.
  - Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

**Statement pursuant to Section 102(1) of the Companies Act, 2013.****Item no. 4: Re-Appointment of Mr. Gautam Chand Jain as the Chairman and Managing director.**

At the 27th Annual General Meeting, the Members of the Company had approved of the re-appointment and terms of remuneration of Mr. Gautam Chand Jain, as Chairman and Managing Director of the Company for a period of three (3) years from 1st July, 2018 upto 30th June, 2021. At the meeting of the Board of Directors of the Company held on 21 June, 2021, on the recommendation of the Nomination & Remuneration Committee, Mr. Gautam Chand Jain, was re-appointed as the Chairman and Managing Director of the Company for a period of five (5) years with effect from 01 July 2021 on the terms

of remuneration mentioned herein below, with powers to the Board to make such variation or increase therein as may be thought fit from time to time, but within the ceiling/s laid down in the Act or any statutory amendment or relaxation thereof:

**(ii) Remuneration:**

- Salary: Maximum of ₹10,00,000 (Ten Lakhs) per month.
- Perquisites: In addition to the above Salary, CMD shall be entitled to the following perquisites, which shall not exceed ₹2,50,000 per month (in terms of value);
  - Medical Reimbursement: Reimbursement of actual medical expenses incurred by CMD and your family.
  - Club Fees: Actual fees of two clubs will be paid by the Company.
  - Personal Accident Insurance: Actual premium to be paid by the Company.
  - Car: Facility of one car with driver.
  - Telephone: Free telephone facility at residence including mobile phone.
  - Contribution to provident and superannuation funds: Company's contribution to Provident and Superannuation Funds will be as per the rules of the Company.
  - Gratuity: Not exceeding half months' salary for each completed year of service.
  - Reimbursement of entertainment and all other expenses incurred for the business of the Company as per rules of the Company.
- Residential Accommodation: CMD shall be provided free furnished residential accommodation with free use of all the facilities and amenities provided by the Company or house rent allowance will be paid by the Company to you subject to the Income Tax Act, 1962 and Rules made there under.
- Other Allowance/benefits/perquisites: Any other allowance, benefits and perquisites as per the Rules applicable to senior executives of the Company and/or which may be applicable in the future and/or any other allowance, benefit, perquisite as the Board of Directors may decide from time to time.
- Leave Travel Concession: For CMD and his family once in a year incurred on actual basis and includes Hotel Accommodation in accordance with any rules specified by the Company.



Explanation:

- (i) For the aforesaid purposes “Family” means your spouse, the dependent children and dependent parents.
  - (ii) Perquisites shall be evaluated as per income Tax Rules, 1962, wherever applicable and in the absence of any such rules, perquisites shall be valued at actual cost.
  - (iii) The remuneration set out above will be paid on a monthly basis in accordance with Company’s policies.
6. Commission: As the Board of Directors of the Company may, upon recommendation or, if required, approval of the Nomination and Remuneration Committee, at their sole discretion, approve, from time to time, payable quarterly or at other intervals calculated with reference to the net profits of the Company, subject to the overall ceiling stipulated in Sections 197, 198 read with Schedule V of the Companies Act, 2013 (including any subsequent amendment / modification in the Rules, Act and/or applicable laws in this regard) shall also be payable.
7. Minimum Remuneration: In the event of the Company incurring a loss or having inadequate profits in any financial year, during the currency of the tenure of Mr. Gautam Chand Jain, the Company will pay the remuneration by way of Salary, perquisites, residential accommodation, benefits, leave travel concession and allowances (as specified in item no. 1 to 5 above), subject to in accordance with Schedule V of the Companies Act, 2013 or any modification(s) thereto.
8. Overall Remuneration: The aggregate remuneration in any financial year shall not exceed the limits prescribed from time to time under Sections 197, 198 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, as may, for the time being, be in force.

The brief resume of Mr. Gautam Chand Jain is provided in Notes to the Notice of this AGM. The main terms and conditions relating to the appointment of Mr. Gautam Chand Jain are as follows:

- (i) Nature of Duties: Mr. Gautam Chand Jain shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board of Directors from time to time and separately communicated to him and such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its subsidiaries, joint venture companies and/

or associated companies. This includes performing duties as assigned by the Board from time to time by serving on the boards of such subsidiaries, joint venture companies and/or associated companies or any other executive body or any committee of such a company for which he may be allowed to receive remuneration as may be determined by the Board of subsidiaries, joint venture companies and/or associated companies, subject to compliance with the applicable provisions of the prevailing laws and regulations.

This resolution is being proposed as a special resolution in view of:

- (a) the relevant provisions of Schedule V to the Act requiring a special resolution for payment of minimum remuneration in the event of loss or inadequacy of profits.
- (b) Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, requiring a special resolution for payment of fees or compensation to executive directors who are Promoters or members of the Promoter Group, if:
  - (i) the annual remuneration payable to such executive director exceeds 5 Crore or 2.5 per cent of the net profits of the listed entity calculated as per the provisions of Sec 198 of the Companies Act, 2013, whichever is higher; or
  - (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the Company.

Mr. Gautam Chand Jain satisfies all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under Section 196(3) of the Act for being eligible for his re-appointment. He is also not disqualified from being re-appointed as a Director in terms of section 164 of the Act.

Having regard to the experience and knowledge, the Directors are of the view that the re-appointment of Mr. Gautam Chand Jain as Chairman & Managing Director will be beneficial to the functioning and future growth opportunities of the Company and the remuneration payable to him is commensurate with his abilities and experience.

The above may be treated as a written memorandum setting out the terms of appointment of Mr. Gautam Chand Jain under Section 190 of the Act.

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

The Board recommends the resolution set forth in Item No. 4 for the approval of the Members.

### Item no. 5: Re-Appointment of Mr. Rahul Jain as the Managing Director

At 25th Annual General Meeting, the Members of the Company had approved appointment and terms of remuneration of Mr. Rahul Jain, as Managing Director of the Company for a period of five (5) years from 02 May, 2016 to 01 May, 2021. At the meeting of the Board of Directors of the Company held on 26th April, 2021, on the recommendation of the Nomination & Remuneration Committee, Mr. Rahul Jain, was re-appointed as the Managing Director of the Company for a period of five (5) years with effect from 02 May 2021 on the terms of remuneration mentioned herein below, with powers to the Board to make such variation or increase therein as may be thought fit from time to time, but within the ceiling/s laid down in the Act or any statutory amendment or relaxation thereof :

#### (ii) Remuneration:

1. Salary: Maximum of ₹10,00,000 (Ten Lakhs) per month.
2. Perquisites: In addition to the above Salary, MD shall be entitled to the following perquisites, which shall not exceed ₹2,50,000 per month (in terms of value);
  - a. Medical Reimbursement: Reimbursement of actual medical expenses incurred by MD and your family.
  - b. Club Fees: Actual fees of two clubs will be paid by the Company.
  - c. Personal Accident Insurance: Actual premium to be paid by the Company.
  - d. Car: Facility of one car with driver.
  - e. Telephone: Free telephone facility at residence including mobile phone.
  - f. Contribution to provident and superannuation funds: Company's contribution to Provident and Superannuation Funds will be as per the rules of the Company.
  - g. Gratuity: Not exceeding half months' salary for each completed year of service.
  - h. Reimbursement of entertainment and all other expenses incurred for the business of the Company as per rules of the Company.
3. Residential Accommodation: MD shall be provided free furnished residential accommodation with free use of all the facilities and amenities provided by the Company or house rent allowance will be paid by the Company to you subject to the Income Tax Act, 1962 and Rules made there under.

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

5. Leave Travel Concession: For MD and his family once in a year incurred on actual basis and includes Hotel Accommodation in accordance with any rules specified by the Company.

#### Explanation:

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

6. Commission: As the Board of Directors of the Company may, upon recommendation or, if required, approval of the Nomination and Remuneration Committee, at their sole discretion, approve, from time to time, payable quarterly or at other intervals calculated with reference to the net profits of the Company, subject to the overall ceiling stipulated in Sections 197, 198 read with Schedule V of the Companies Act, 2013 (including any subsequent amendment / modification in the Rules, Act and/or applicable laws in this regard) shall also be payable.
7. Minimum Remuneration: In the event of the Company incurring a loss or having inadequate profits in any financial year, during the currency of the tenure of Mr. Rahul Jain, the Company will pay the remuneration by way of Salary, perquisites, residential accommodation, benefits, leave travel concession and allowances (as specified in item no. 1 to 5 above), subject to in accordance with Schedule V of the Companies Act, 2013 or any modification(s) thereto.
8. Overall Remuneration: The aggregate remuneration in any financial year shall not exceed the limits prescribed from time to time under Sections 197, 198 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, as may, for the time being, be in force.

The brief resume of Mr. Rahul Jain is provided in Notes to the Notice of this AGM. The main terms and conditions relating to the appointment of Mr. Rahul Jain as the MD are as follows:

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

This resolution is being proposed as a special resolution in view of:

- (a) the relevant provisions of Schedule V to the Act requiring a special resolution for payment of minimum remuneration in the event of loss or inadequacy of profits.
  - (b) Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, requiring a special resolution for payment of fees or compensation to executive directors who are Promoters or members of the Promoter Group, if:
- (ii) the annual remuneration payable to such executive director exceeds 5 Crore or 2.5 per cent of the net profits of the listed entity calculated as per the provisions of Sec 198 of the Companies Act, 2013, whichever is higher; or
  - (iii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the Company.

Mr. Rahul Jain satisfies all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under Section 196(3) of the Act for being eligible for his re-appointment. He is also not disqualified from being re-appointed as a Director in terms of section 164 of the Act.

Having regard to the experience and knowledge, the Directors are of the view that the re-appointment of Mr. Rahul Jain as Managing Director will be beneficial to the functioning and future growth opportunities of the Company and the remuneration payable to him is commensurate with his abilities and experience.

The above may be treated as a written memorandum setting out the terms of appointment of Mr. Rahul Jain under Section 190 of the Act.

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

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

#### **Item no. 6: Appointment of Dr. Jayshree Rajesh Sanghani as an Independent director**

Based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company have appointed Dr. Jayshree Rajesh Sanghani as an Additional Director in the capacity of Non-Executive Independent Woman Director of the Company to hold office for a the period of five (5) years from 24 December, 2020 to 23 December 2025, not liable to retire by rotation, subject to consent of the Members of the Company at the ensuing AGM.

As an Additional Director, Dr. Jayshree Rajesh Sanghani holds office till the date of the AGM and is eligible for being appointed as an Independent Director. The Company has received necessary declaration(s) from Dr. Jayshree Rajesh Sanghani confirming that she meets the criteria as prescribed under the Companies Act, 2013 (the Act) and SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 (Listing Regulations). Dr. Jayshree Rajesh Sanghani is not disqualified from being appointed as a Director under provisions of Section 164 of the Companies Act, 2013, nor debarred from holding the office of director by virtue of any SEBI order or any other such authority and has given her consent to act as a Director of the Company.

In the opinion of the Board, Dr. Jayshree Rajesh Sanghani fulfils the conditions for her appointment as an Independent Director as specified in the Act and Listing Regulations and is independent of the management.

Board believes that Dr. Jayshree Rajesh Sanghani induction on the Board will support in broadening the overall expertise of the Board. A copy of the appointment letter, setting out her terms and conditions of appointment is available on the website of the Company at [www.pokarna.com](http://www.pokarna.com) and will be available for inspection, without any fees, by the Members at the Company's registered office during normal hours on working days upto the date of AGM and also at the Meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Dr. Jayshree Rajesh Sanghani and her relatives are concerned or interested, financially or otherwise, in the said resolution.

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

**Item no. 7: Approval for payment of commission to Non-Executive Directors for a period of five (5) years commencing from 1 April 2021**

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

Section 197 of the Act, permits the payment of remuneration to Non-executive directors', by way of commission not exceeding one percent of the net profits of the company, if the Company authorises such payment by a special resolution.

Members of the Company had approved such payment by a special resolution passed on 18 September 2017 for a three (3) years period, which expired on 31 March 2020. In view of the increased demands on Non-executive directors' participation in Board and Committee meetings and the higher responsibilities they are expected to bear in the interest of higher level of excellence in corporate governance on account of statutory and regulatory changes, it is proposed to pay such commission to the Non-Executive Directors' for a further period of five (5) years upto and including the year 2025-26.

The amount of commission shall be payable each year after the annual accounts are approved by the Board of Directors and adopted by the shareholders. Pursuant to the Companies (Amendment) Act, 2020, read with rules made thereunder, if a company fails to make profits or makes inadequate profits in a financial year, any non-executive director of such company, including an independent director, may be paid remuneration in accordance with Schedule V of the Act. No approval of Central Government will be required for the said payment of commission, since it is within the prescribed limits as specified under section 197.

The above payment to Non-executive directors' will be in addition to the sitting fees payable to them for attending Board/ committee meetings.

Non-Executive Directors' of the Company are concerned or interested financially in the resolution since the resolution relates to payment of commission to self. Mr. Gautam Chand Jain, Mr. Rahul Jain and Mrs. Apurva Jain who are Directors and also Key Managerial Personnel are also concerned or interested financially in the resolution since the resolution relates to payment of commission to their relative. Save and except these persons, no other Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise in the said resolution.

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

By Order of the Board  
For, **Pokarna Limited**

**Registered Office:**

105, First Floor, Surya Towers,  
S. P. Road, Secunderabad - 500 003.  
CIN: L14102TG1991PLC013299  
Date: 21st June, 2021.

Sd/-  
**Babita Chandrakar**  
Company Secretary  
ACS No.: A43673

# Board's Report to Shareholder

Dear Members,

Your Directors take pleasure in presenting their 30th Annual Report together with the annual audited consolidated and standalone financial statements for the financial year ended 31st March, 2021.

## Financial Highlights

### Consolidated Financial Performance

The Consolidated Income of the Company for the financial year ended 31st March, 2021 is ₹ 30109.82 lakhs vis-à-vis ₹ 39940.23 Lakhs in the previous year, thereby registering a decline of 25%. Consolidated Comprehensive Income for the financial year ended 31st March, 2021 ₹ 2873.10 lakhs as compared to ₹ 7048.13 Lakhs in the previous year, registering a decline of 59%.

### Standalone Financial Performance

Your Company's total income during the year under review was ₹ 7917.47 Lakhs as compared to ₹ 7813.14 Lakhs in the previous year. The Profit before Tax for the year 2020-21 was ₹ 93.12 Lakhs as against ₹ (776.85) Lakhs in the previous year. Comprehensive Income in 2020-21 stood at ₹ 48.82 Lakhs as against ₹ (469.40) Lakhs in the previous year.

## Overview and The State of the Company Affairs

The unprecedented Covid-19 global pandemic has had impact on our results for FY 2021 as the lockdowns reduced the demand, production and sales of our products. Port congestion, container shortages, vessel delays and soaring shipping costs have also impacted the sales of our products. Our stated desire to move our apparel business to breakeven has been delayed due to the Covid-19 disruption.

In common with all organisations, the global pandemic has generated an unprecedented level of disruption to our businesses. The risks presented by Covid-19 remain and we are very conscious of the resulting uncertainties. Whilst leaving in a period of uncertainty, we are optimistic that the Company is in a strong position to emerge from the current situation and remains well positioned to deliver reasonable growth.

During the year under review, Pokarna Engineered Stone Limited ("PESL") commercialised operations at its new unit which we believe is the world's most technologically advanced quartz facility. Through state-of-the-art automation at this new unit, PESL would be able to develop more sophisticated visuals such as luxury marble looks to distinguish our products and improve our margins. PESL started commercial production at the new unit with basic to mid-range products as it ramps up production and optimize processes and formulations.

During FY 22, PESL will continue to ramp up production at new unit, and will improve sales and costs as it progresses through the year. As volumes and efficiencies increase, PESL will more fully realize the potential of this new unit in FY 22 and in the future. From a long-term perspective, this expansion should make the Company stronger, more diversified and more profitable.

Long term strategy at PESL is to broaden customer base and geographies while retaining reputation for high-quality and innovative products. This year PESL conducted appraisal of a number of aspects of 360-degree business model (measurement to quartz countertop installation) and identified exciting opportunities for future growth in India. Just as it delivers product innovation in existing categories, PESL is supporting long-term growth by selectively exploring and entering new categories of products using quartz.

## Covid-19 and its impact

The Board has been periodically reviewing with the Management, the impact of COVID-19 on the Company. During the 1st quarter of the year, your Company had to temporarily suspend operations at its quarries, plants, and other locations as per the directives of the Government, keeping in mind the paramount need of safety of the employees. The Board is also keeping a close watch on any other possible impacts of second wave / third wave of the pandemic. The Board and the Management will continue to closely monitor the situation as it evolves and do its best to take all necessary measures, in the interests of all stakeholders of the Company.

## Dividend

The Directors are pleased to recommend the dividend of ₹ 0.60/- per equity share for the financial year ended 31st March, 2021. The dividend is subject to the approval of the Members at the Annual General Meeting ("AGM") scheduled on 06th August, 2021.

The Register of Members and Share Transfer Books will remain closed from Saturday July 31, 2021 to Friday August 06, 2021 (both days inclusive) for the purpose of payment of the dividend for the financial year ended 31st March, 2021 and the AGM.

## Transfer to Reserves

No amount is proposed for transfer to the general reserve.

## 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 2020-21. Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

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

### **Subsidiaries, Associates and Joint Venture Companies**

Consolidated Financial Statements presented by the Company include the financial information of Pokarna Engineered Stone Limited ("PESL"), the wholly owned subsidiary company. There has been no material change in the nature of the business of PESL. As per the requirement of Section 129(3) of the Companies Act, 2013, a separate statement containing the salient features of the financial statements of the subsidiary in prescribed Form AOC-1 is attached to the financial statements of the Company. The Audited Accounts of PESL will be available on the website of the Company - [www.pokarna.com](http://www.pokarna.com).

Reflecting the impact of Covid-19, during the financial year under review, PESL registered revenue of ₹ 22252.97 lakhs as against ₹ 32148.84 Lakhs in the previous year, thereby registering a decline of 31%. EBITDA for the year under review was ₹ 7257.55 Lakhs as against ₹ 12608.07 Lakhs in the previous year, representing a decline of 42%. The Comprehensive Income for the year 31st March, 2021 decreased to ₹ 2867.74 lakhs, showing a decline of 62%.

PESL was selected by the U.S. Department of Commerce ("USDOC") as a "mandatory respondent" to both Countervailing duty ("CVD") and Antidumping duty ("ADD") investigations on

the imports of quartz surface products from India and as a result, PESL has received unique company specific rates:

Final Subsidy Rate		Final Dumping Rate	
CVD	Cash Deposit	ADD	Cash Deposit
2.34%	2.34%	2.67%	0.33%

These CVD and AD rates are subject to further adjustment through administrative reviews to be completed by the USDOC. First administrative review for each of CVD and ADD is expected to commence in July 2021.

The Company does not have any Associate or Joint Venture Companies. Further, the Company's policy on determining the material subsidiaries, as approved by the Board is uploaded on the website of the Company - [www.pokarna.com](http://www.pokarna.com)

### **Corporate Governance**

The Directors reaffirm their commitment to good corporate governance practices. During the year under review, the Company was in compliance with the provisions relating to corporate governance as provided under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"). A detailed report on corporate governance as required under the Listing Regulations is provided in a separate section and forms part of the Annual Report. The certificate on compliance with the conditions of corporate governance of the Listing Regulations is given in Annexure, to this Report. In terms of the Listing Regulations, the certificate, as prescribed in Part B of Schedule II of the said Regulations, has been obtained from Mr. Gautam Chand Jain, Chairman & Managing Director and Mr. M. Vishwanatha Reddy, Chief Financial Officer, for the financial year 2020-21 with regard to the financial statements and other matters. The said certificate forms part of the report on Corporate Governance.

### **Management Discussion & Analysis Report**

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

### **Business Responsibility Report**

The Business Responsibility Report (BRR) of your Company for the financial year 2020-2021 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Corporate Social Responsibility**

The Company has a Policy on Corporate Social Responsibility and the same has been posted on the website of the Company - [www.pokarna.com](http://www.pokarna.com). The Annual Report on CSR activities in terms of the requirements of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure-I, which forms part of this Report.



The Company believes in taking large projects and not spending small sums on various projects. Also, spending in one year without considering financial and operational challenges will not lead to desirable outcome and therefore, Company has reserved part of the amount required to be spent for ongoing projects under CSR obligation.

### Board of Directors and Key Managerial Personnel

Your Company is managed and controlled by a Board comprising an optimum blend of Executive and Non-Executive Directors. As on 31st March, 2021, the Board of Directors consists of nine (9) Directors consisting of Chairman & Managing Director, Managing Director, Executive Director and six (6) Non-executive Directors, out of which five (5) are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the relevant provisions of the Companies Act, 2013.

### Retirement by rotation and subsequent re-appointment.

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Rahul Jain (DIN: 00576447), Managing Director of the Company, retires by rotation at this Annual General Meeting of the Company and being eligible, has offered himself for re-appointment. Brief details of Mr. Rahul Jain are given in the notice of annual general meeting.

### Re-appointment of the Chairman and Managing Director

Gautam Chand Jain was re-appointed as the Chairman & Managing Director of the Company for a period of three (3) years from July 01, 2018 upto June 30, 2021. The Board, on recommendation of the Nomination and Remuneration Committee and after evaluating his performance and considering the Company's growth under his management, approved his re-appointment for a further term of 5 years commencing July 01, 2021, subject to approval of the shareholders. Accordingly, resolution seeking his re-appointment for a further term of five (5) years and brief details of Gautam Chand Jain are given in the notice of annual general meeting.

### Re-Appointment of the Managing Director

Rahul Jain was re-appointed as the Managing Director of the Company for a period of five (5) years from May 02, 2016 upto May 01, 2021. The Board, on recommendation of the Nomination and Remuneration Committee and after evaluating his performance and considering the Company's growth under his management, approved his re-appointment for a further term of five (5) years commencing May 02, 2021, subject to approval of the shareholders. Accordingly, resolution seeking his re-appointment for a further term of five (5) years and brief details of Rahul Jain are given in the notice of annual general meeting.

### Appointment of Dr. Jayshree Rajesh Sanghani as an Independent Director

The Board on the recommendation of the Nomination & Remuneration Committee, subject to the approval of the shareholders, has appointed Dr. Jayshree Rajesh Sanghani as an Independent Director (additional Director) to hold office for a term of five (5) years from December 24, 2020 upto December 23, 2025. The Board opines that Dr. Jayshree Rajesh Sanghani possesses the requisite expertise and experience (including the proficiency) and she is a person of high integrity and repute. Necessary details regarding the appointment as required under the Companies Act, 2013 and Listing Regulations, 2015 are given in the notice of annual general meeting. The aforesaid appointment is subject to approval of shareholders at the ensuing annual general meeting.

### Appointment of Company Secretary

During the year under review, Mr. Mahesh Inani resigned as Company Secretary of the Company, effective December 30, 2020. The Board places on record its appreciation for services provided by Mr. Mahesh Inani, during his stint with the Company as Company Secretary. The Board at its meeting held on April 26, 2021, appointed Mrs. Babita Chandrakar as the Company Secretary and was also designated her as Key Managerial Personnel.

There was no other change in the Directors and Key Managerial Personnel during the year under review since the last report.

All the Independent Directors of the Company have given their declarations to the Company under Section 149(7) of the Act that they meet the criteria of independence as provided under Section 149(6) of the Act read with Regulation 16(1)(b) 'the Listing Regulations'. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees.

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

### Formal Annual Evaluation

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

## Committees of The Board

### Audit Committee

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

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") comprises of Mr. Meka Yugandhar, Mr. Thati Venkataswamy Chowdary, Mr. Vinayak Rao Juvvadi and Mr. Prakash Chand Jain. Further, details relating to the NRC are provided in the Corporate Governance Report forming part of this Annual Report.

### Stakeholder Relationship Committee

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

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee ("CSRC") comprises of Mr. Meka Yugandhar, Mr. Vinayak Rao Juvvadi, Dr. Jayshree Rajesh Sanghani (appointed on 26.04.2021), Independent Directors, Mr. Gautam Chand Jain, Chairman and Managing Director and Mrs. Apurva Jain, Executive Director (appointed on 21.06.2021). Further, details relating to the CSRC are provided in the Corporate Governance Report forming part of this Annual Report.

### Risk Management Committee

Pursuant to Regulation 21 of SEBI (Listing Obligation and Disclosure Requirement) (Second Amendment) Regulation, 2021, the Company constituted Risk Management Committee comprising of Mr. Mahender Chand, Mr. Vinayak Rao Juvvadi, Independent Directors and Mr. Rahul Jain, Managing Director of the Company.

### Risk Management Policy

Risk management is integral to your Company's strategy and for the achievement of our long-term goals. The Risk Management Committee of the Company has been entrusted by the Board with the responsibility of reviewing the risk management process in the Company and ensuring that the risks are brought within acceptable limits. The Company has framed and put in place a Risk Management policy to mitigate the risks, both internal and external, which the Company is exposed to.

Our success as an organization depends on our ability to identify and leverage the opportunities while managing the risks. The COVID-19 pandemic this year has posed several unprecedented challenges in the form of uncertain lockdowns, unlock phases, health hazards and

supply chain disruptions across the globe. The Company endeavors to continually sharpen its Risk Management systems and processes in line with a rapidly changing business environment.

Business Risk Assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with the Corporate Policies. The Company manages, monitors and reports on the principal risks and uncertainties that can impact the ability to achieve the objectives. This is an ongoing process to track the evaluation of risks and delivery of mitigating action plans.

There are no risks which in the opinion of the Board threaten the existence of the Company. However, some of the risks which may pose challenges are set out in the Management Discussion and Analysis which forms part of this Annual Report.

### Related Party Transactions

All related party transactions (RPTs) which were entered into by the Company during the year under review, were on arms' length basis and in the ordinary course of business, did not attract provisions of section 188 of the Act and were also not material RPTs as per regulation 23 of the SEBI Listing Regulations.

All RPTs during FY2021 were entered into with the approval of the audit committee. On a quarterly basis, details of such transactions were placed before the audit committee for noting/review. Disclosures relating to related party transactions on a half-yearly basis are filed with the stock exchanges. There were no material transactions entered into with related parties, during the period under review, which may have had any potential conflict with the interests of the Company.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company – [www.pokarna.com](http://www.pokarna.com)

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

### Internal Financial Controls

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

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

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

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

### Statutory Auditors

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

### Cost Auditors

Pursuant to the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended, Notifications/ Circulars issued by the Ministry of Corporate Affairs from time to time, the company is not falling under the limits of cost audit requirements. However, the company is maintaining the cost records as per the provisions of the Companies Act, 2013.

### Secretarial Auditors

During the year, Secretarial Audit was carried out by Mr. K.V. Chalama Reddy Practicing Company Secretary, the Secretarial Auditor of the Company for the financial year 2020-21. The detailed report on the Secretarial Audit is appended as an Annexure II to this Report. The Secretarial Audit Report contains an observation. The observation and reply thereto is as under:

### Observation

Delay of 8 months 23 days in appointment of independent woman director as required under Regulation 17(1)(a) of The Securities and Exchange Board of India (Listing Obligations Disclosure Requirements) Regulations, 2015.

### Reply

The Company couldn't appoint women independent director intine because of the unprecedented COVID 19 pandemic and the nationwide lockdowns in the country, which led to the delay in finding suitable candidate and completion of formalities thereof. Dr. Jayshree Rajesh Sanghani was appointed as women independent director on December 24, 2020.

The Company has submitted letter to NSE requesting waiver of fine of ₹ 495600 levied for delay in appointment of women independent director as per Regulation 17(1) of SEBI (LODR) Regulations, 2015.

### Statutory Auditors' Qualifications, Reservations or Adverse Remarks or Disclaimers Made

Auditor's Report does not contain any qualification, reservation or adverse remark. With regard to observation on non-payment of advance tax for the financial year 2020-21, 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 <https://www.pokarna.com/wp-content/uploads/2021/05/Whistle-Blower-Policy.pdf>.

#### Meetings of the Board

The Board of Directors of your Company met Four (4) times during the year to deliberate on various matters. The meetings were held on June 27, 2020, September 12, 2020, November 10, 2020 and February 13, 2021. Further details on the Board of Directors are provided in the Corporate Governance Report forming part of this Annual Report.

#### Particulars of Loans, Guarantees and Investments

During the period under review, the Company has neither provided any loans nor made investments under provisions of the Section

186 of the Companies Act, 2013. For details of corporate guarantee provided by the Company, to the lenders of Pokarna Engineered Stone Limited (wholly owned subsidiary), please refer to Note 39 to the Financial Statements.

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

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

### **Annual Return**

The Annual Return of the Company as on 31st March, 2021 in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at <https://www.pokarna.com/agm/>.

### **Material Changes and Commitments affecting the Financial Position of the Company**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

### **Significant and Material Orders**

During the financial year 2020-21, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and the date of this Report.

### **Particulars of Employees**

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

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

### **Prevention of Sexual Harassment at Workplace**

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

### **Compliance of Secretarial Standards**

During financial year 2020-21, your Company has complied with the relevant provisions of Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

### **Reporting of Frauds**

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

### **Share Capital**

The Company's paid-up Equity Share Capital continues to stand at ₹620.08 Lakhs as on 31st March, 2021. During the year, the Company has not issued any shares or shares with differential voting rights or convertible securities. Also, the Company does not have any Scheme for issue of shares including sweat equity to the employees or Directors of the Company.

### **Revision in Financial Statements**

There has been no revision in the financial statements.

### **Nature of Business**

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

### **Deposits**

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

### **Disclosure under Rule 8(5) of Companies (Accounts) Rules, 2014**

No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable.

The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable.

### **Human Resources**

The company considers its human resources as the key to achieve its objectives. Keeping in view, your company takes utmost care to attract and retain quality employees. The employees are sufficiently empowered and such work environment propels them to achieve

higher levels of performance. The unflinching commitment of the employees is the driving force behind the company's vision. The company appreciates the spirit of its dedicated employees.

### Green initiative in corporate governance

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

We encourage shareholders to receive their copy of the annual report through electronic mode. This will also contribute to saving costs and reduce our use of natural resources.

### Appreciation

Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment – our people have been key to our successful navigation of the challenges we have faced this year. The Board conveys its appreciation for its customers, shareholders, suppliers as well as vendors, bankers, business associates, regulatory and government authorities for their continued support.

By the order of the board  
For **Pokarna Limited**

Sd/-

**Gautam Chand Jain**  
Chairman & Managing Director  
DIN:00004775

Date : 21st June, 2021  
Place: Secunderabad.



# Annexure - I

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2020-21

### 1. Brief outline on CSR Policy of the Company:

Our philosophy has always been that we are an integral part of the society within which we do business. This belief and idea has played a significant role in shaping our vision towards the communities we co-exist with. Healthcare & sanitation, Education and Environment are our thrust areas for undertaking CSR projects.

### 2. Composition of CSR Committee:

The CSR committee of the Board is responsible for overseeing the execution of the Company's CSR Policy. The CSR committee comprises Three independent directors, and the Managing Director as at the end of financial year 2021.

Sl no.	Name of Director	Designation/Nature of directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Meka Yugandhar	Independent Director, Chairman of CSR Committee	1	1
2	Gautam Chand Jain	Managing Director, Member of the CSR Committee	1	1
3	Vinayak Rao Juvvadi	Independent Director, Member of CSR Committee	1	-

\* Dr. Jayshree Rajesh Sanghani, Independent Director and Mrs. Apurva Jain, Executive Director were appointed as Members of the Committee effective from 26th April, 2021 and 21st June, 2021, respectively

### 3. Web links where composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

- The composition of the CSR committee is available on our website, at [https://www.pokarna.com/wp-content/uploads/2021/07/Composition\\_of\\_Board\\_committees.pdf](https://www.pokarna.com/wp-content/uploads/2021/07/Composition_of_Board_committees.pdf)
- The Committee, with the approval of the Board, has adopted the CSR Policy as required under Section 135 of the Companies Act, 2013. The CSR Policy of the Company is available on our website, at [https://www.pokarna.com/wp-content/uploads/2021/07/CSR\\_Policy.pdf](https://www.pokarna.com/wp-content/uploads/2021/07/CSR_Policy.pdf)
- The Board, based on the recommendation of the CSR committee, at its meeting held on June 21, 2021, has approved the annual action plan / projects for fiscal 2022, the details of which are available on our website, at <https://www.pokarna.com/agm/>

### 4. Details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

Not Applicable for the financial year under review

### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Nil

### 6. Average net profit of the Company for last three financial years: ₹ 7,85,83,111/-

### 7. (a) Two percent of average net profit of the company as per section 135(5): 15,71,662/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c). ₹15,71,662/-

**8. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
500000	1071662	30.04.2021	Nil	Nil	NA

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	State.	Location of the project. District.	Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Name	Mode of Implementation - Through Implementing Agency CSR Registration number.
1	Health care and Sanitation	Promoting Health care	Yes	Telangana	Hyderabad	3 years	1500000	500000	Nil	No	Hrudaya Cure a Little Heart Foundation	CSR00004126

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	State.	Location of the project. District.	Amount Spent for the Project (in ₹)	Mode of Implementation - Direct (Yes/No).	Name	Mode of Implementation Through Implementing Agency CSR Registration number.
						Nil			

**(d) Amount spent in Administrative Overheads:** Nil**(e) Amount spent on Impact Assessment, if applicable:** Nil**(f) Total amount spent for the financial year (8b+8c+8d+8e):** ₹500000/-**(g) Excess amount for set off, if any:**

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	1571662
(ii)	Total amount spent for the financial year	500000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer.	
				Not Applicable			
	TOTAL						

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project – Completed / Ongoing.
					Nil			
	TOTAL							

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).**

- (a) Date of creation or acquisition of the capital asset(s): Not Applicable
- (b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).**

The Company believes in taking large projects and not spending small sums on various projects. Also, spending in one year without considering financial and operational challenges will not lead to desirable outcome and therefore, Company has reserved part of the amount required to be spent for ongoing projects under CSR obligation.

For **Pokarna Limited**

Sd/-

**Meka Yugandhar**

Chairman of CSR Committee

DIN: 00012265

Sd/-

**Gautam Chand Jain**

Chairman & Managing Director

DIN: 00004775

Date: 21st June, 2021

Place: Secunderabad

# Annexure - II

## FORM NO. MR -3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

To  
The Members,  
**Pokarna Limited**  
Hyderabad.

1. I have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by Pokarna Limited (hereinafter called as “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
3. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 (“Audit Period”) according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made there-under;
  - ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there-under;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;
  - iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amended Regulations 2018;
    - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not applicable during the audit period.
    - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ; Not applicable during the audit period.
    - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2019 and ; Not applicable during the audit period.
    - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 ; regarding the Companies Act and dealing with client;
    - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable during the audit period.
    - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not applicable during the audit period;
    - i. Securities and Exchange Board of India (Issue and Listing of Non-Convertible and redeemable Preference Shares) Regulations, 2013 ; Not applicable during the period under review and
    - j. The Securities and Exchange Board of India (Listing Obligations Disclosure Requirements) Regulations, 2015.
  - vi. The Company is into business of mining of granite, processing and sale of granite slabs and manufacture and

sale of readymade garments / apparels. Accordingly, the following Major Industry Specific Acts and Rules are applicable to the Company, in the view of the Management:

- a. The Mines Act, 1952 and Rules made there under;
  - b. The Mines & Minerals (Development & Regulation) Act, 1957;
  - c. The Granite Conservation and Development Rules, 1999;
  - d. The Andhra Pradesh Minor Mineral Concession Rules, 1966; and
  - e. The Explosive Act 1884 and Explosive Rules 2008.
- vii. I, have also examined compliance with the applicable clauses of the following:
- a. The Listing Agreement entered into by the Company with stock exchange (BSE & NSE).
  - b. Secretarial Standards issued by The Institute of Company Secretaries of India in respect of Board and General meetings of the Company,

*During the period under review, the Company has complied with the provisions of the applicable Acts, Rules, Regulations, and Guidelines etc., mentioned above except as stated below:*

*Delay of 8 months 23 days in appointment of independent woman director as required under Regulation 17(1)(a) of The Securities and Exchange Board of India (Listing Obligations Disclosure Requirements) Regulations, 2015.*

However, the Management of the Company has explained that delay took place in identifying suitable candidate for appointment as independent women director within the timelines prescribed in the aforesaid regulation due to lock-down mandated by the Central and State Governments to control COVID-19 pandemic.

4. I, further report that:
  - a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and independent directors. The

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

- b. Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast 7 days in advance. There is adequate system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.
5. I further report that there exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
6. I further report that the above mentioned Company being a listed entity and this report is also issued pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and circular No. CIR/CFD/CMD1/27/ 2019 dated 8th February, 2019 issued by Securities and Exchange Board of India.
7. I further report that as per the information and explanation provided by the Management, the Company has Material Unlisted Subsidiary namely POKARNA ENGINEERED STONE LIMITED incorporated in India pursuant to Regulation 16(c) and 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the period under review.
8. I, further report that during the audit period, there were no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, regulations, guidelines, standards, etc. referred above

Sd/-

**K. V. Chalama Reddy**

Practising Company Secretary

Date: 21st June, 2021

F C S: 9268, C.P No: 5451

Place: Hyderabad

UDIN number: F009268C000491893

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



**Annexure 'A'**

To  
The Members,  
**Pokarna Limited**  
Hyderabad.

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

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

Date: 21st June, 2021  
Place: Hyderabad

Sd/-  
**K. V. Chalama Reddy**  
Practising Company Secretary  
F C S: 9268, C.P No: 5451  
UDIN number: F009268C000491893

# Secretarial Audit report of Material Subsidiary

## FORM NO. MR-3

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

To  
The Members,  
**Pokarna Engineered Stone Limited**  
Hyderabad

I have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by M/s. Pokarna Engineered Stone Limited (hereinafter called as “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by me and explanations furnished and representations made to me by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the Audit Period covering the financial year ended on 31st March, 2021 complied with the Statutory Provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2021 (“Audit Period”) according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Depositories Act, 1996 and regulations made thereunder: not applicable during the audit period.
3. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings : Not Applicable during the audit period.
4. The Securities Contracts (Regulation) Act, 1956 and rules made thereunder: not applicable, being an unlisted Company
5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’): not applicable, being an unlisted Company.
6. Secretarial Standards issued by The Institute of Company Secretaries of India in respect of Board and General meetings of the Company

7. The Company is into business of manufacture and sale of Natural Quartz Surfaces, in the view of the management, the following industry specific act and rule are applicable to the company, in the view of the management:

- a. Special Economic Zone Act, 2005 and Special Economic Zone Rules, 2006. (to the extent applicable).

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

I further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and independent directors. There were no changes made in the composition of the Board of Directors during the year under review.
- b. Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance. There is adequate system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.

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

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

Sd/-

**K.V. Chalama Reddy**

Practising Company Secretary

Date: 21st June, 2021

Place: Hyderabad

F C S: 9268, C.P No: 5451

UDIN number: F009268C000570620

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

**Annexure' A'**

To,  
The Members  
**Pokarna Engineered Stone Limited**  
Hyderabad.

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

Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.

I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide reasonable basis for our opinion.

I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-

**K.V. Chalama Reddy**

Practising Company Secretary

F C S: 9268, C.P No: 5451

UDIN number: F009268C000570620

Date: 21st June, 2021

Place: Hyderabad

# Annexure - III

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

### A. Conservation of Energy:

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

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

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

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

Capital investment on energy conservation equipment's:

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

### B. Technology absorption:

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

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

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

### Foreign Exchange Earnings and Outgo

During the year under review, the total standalone foreign exchange earnings was ₹ 4627.98 Lakhs and expenditure was ₹ 101.61 Lakhs.

# Annexure - IV

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

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2020-21, are as under:

S. No	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2020-21 (₹ in Lakhs)	% Increase in Remuneration in the Financial Year 2020-21	Ratio of remuneration of each Director/ to median remuneration of employees
a)	Gautam Chand Jain Chairman & Managing Director	--	Nil	--
b)	Rahul Jain Managing Director	110.23	Nil	49.21
c)	Apurva Jain Executive Director	22.23	Nil	9.92
d)	Prakash Chand Jain Director	--	Nil	--
e)	Meka Yugandhar Director	--	Nil	--
f)	Vinayak Rao Juvvadi Director	--	Nil	--
g)	Thati Venkataswamy Chowdary Director	--	Nil	--
h)	Mahender Chand Director	--	Nil	--
i)	Viswantha Reddy Chief Financial Officer	63.64	Nil	28.41
j)	Mahesh Inani* Company Secretary	4.21	Nil	1.88

\*Resigned from the office of Company Secretary with effect from 30th December, 2020

Note: Independent Directors were paid sitting fees for attending the sittings.

- (ii) The median remuneration of employees of the Company during the financial year was ₹ 2.24 Lakhs.
- (iii) In the financial year, there was an increase of 43 % in the median remuneration of employees.
- (iv) There were 399 permanent employees on the rolls of Company as on 31st March, 2021.
- (v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.



# Business Responsibility Report

**This section is as per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	L14102TG1991PLC013299
2. Name of the Company	Pokarna Limited
3. Registered address	105, Surya Towers, S.P Road, Secunderabad-500003
4. Website	www.pokarna.limited
5. E-mail id	companysecretary@pokarna.com
6. Financial Year reported	April 2020 to March 2021
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	1. Processing and sale of granite slabs: NIC digit code 23960 2. Mining and sale of granite blocks: NIC digit code 08102 3. Manufacturing and retail of apparels : NIC digit code 1410 The Company is in to Processing and sale of granite slabs
8. List three key products/services that the Company manufactures/provides	
9. Total number of locations where business activity is undertaken by the Company	<b>National:</b>
(a) Number of International Locations (Provide details of major 5)	<b>1. Corporate &amp; Head Office :</b> Pokarna Limited 105,Surya Towers,S.P Road, Secunderabad-500003, Telangana, India
(b) Number of National Locations	<b>2. Granite Plants:</b> <b>Unit -I</b> Survey No.123,Tooprantpet Village, Choutuppal, Mandal,Nalgonda District, Telangana State. <b>Unit-II</b> Survey No. 563, 568 & 574, Aliabad Village, Shameerpet Mandal, R.R. District, Telangana State. <b>Apparel Manufacturing Plant:</b> SurveyNo:33,39,50,51,55,68 & 69,Apparels Export Park, Gundla Pochampally Village,Medchal Mandal, R.R. District, Telangana State.
10. Markets served by the Company – Local/State/ National/International	All over India & International

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital	₹ 620.08/- Lakhs
2. Total Turnover	₹ 7693.41/- Lakhs
3. Total profit after taxes	₹ 28.50/- Lakhs
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	17%
5. List of activities in which expenditure in 4 above has been incurred:-	Hrudaya foundation

## SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?	Yes
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

#### (a) Details of the Director/Directors responsible for implementation of the BR policy/policies:

1. DIN : 00004775
2. Name : Mr. Gautam Chand Jain
3. Designation : Chairman and Managing Director

#### (b) Details of the BR head:

No.	Particulars	Details
1.	DIN Number (if applicable)	00004775
2.	Name	Mr. Gautam Chand Jain
3.	Designation	Chairman and Managing Director
4.	Telephone number	+91 40 27897722
5.	e-mail id	companysecretary@pokarna.com

### 2. Principle-wise (as per National Voluntary Guidelines) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate

Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

**Principle 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability (P1).

**Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle (P2).

**Principle 3:** Businesses should promote the wellbeing of all employees (P3).

**Principle 4:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized (P4).

**Principle 5:** Businesses should respect and promote human rights (P5).

**Principle 6:** Businesses should respect, protect and make efforts to restore the environment (P6).

**Principle 7:** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner (P7).

**Principle 8:** Businesses should support inclusive growth and equitable development (P8).

**Principle 9:** Businesses should engage with and provide value to their customers and consumers in a responsible manner (P9).

#### (a) Details of compliance (Reply in Y/N)

S. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for principles stated above	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
6.	Indicate the link for the policy to be viewed online?				www.pokarna.com					
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a Grievance Redressal Mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

\*Policies conform to applicable laws and the national standards. Implementation of the Policies lies with the respective functional Heads and reviewed by the Management

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

S. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the Policies on specified principles.	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

### 3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year: Annually

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes its Business Responsibility Report (BRR) annually. the report can be viewed on [www.pokarna.com](http://www.pokarna.com)

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

The Company monitors consumption of resources such as Energy, Water, Raw materials, etc. with reasonable targets to reduce their consumption.

b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not Applicable.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability:**

1. Does the policy relating to ethics, bribery and corruption cover only the company? No

Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others? Yes

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

We have not received any significant complaints from stakeholders in the last financial year.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle:**

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities: Not Applicable

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has always believed in localized procurements and development of immediate vicinity. All resources which can be locally procured are given priority so that an equitable opportunity for sustainable development is given to the local community.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

a) If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

Yes, the Company has a continued focus on buying from local suppliers, geographically nearest to the Company's manufacturing facility and to take steps in improving its capacity and capability as per the business requirement.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so. No. The Company does not have any mechanism to recycle the products and waste. All the wastes are being sold as scrap.

**Principle 3: Businesses should promote the wellbeing of all employees:**

1. Please indicate the total number of employees: 399 as on March 31, 2021.
2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 245 as on March 31, 2021.
3. Please indicate the number of permanent women employees: 68 as on March 31, 2021
4. Please indicate the number of permanent employees with disabilities: 0 as on March 31, 2021
5. Do you have an employee association that is recognized by management? The Company does not have any employee association or a trade union of workers.
6. What percentages of your permanent employees are members of this recognized employee association? Not Applicable.
7. Please indicate the number of complaints relating to Child Labour, Forced Labour, Involuntary Labour and Sexual Harassment in the last financial year and pending, as on the end of the financial year.

The company has adopted a policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (India) and the Rules thereunder.

During the financial year ended 31 March 2021, the Company has not received any complaints pertaining to Sexual Harassment. The Company has also complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

There have been no complaints in other areas.

8. What percentages of your under-mentioned employees were given safety & skill up-gradation training in the last year?

All permanent employees and contract labor of manpower contractor undergo safety training. Development opportunities for our employees are customized as per their functional needs. We have in-house skill enhancement programs and externally supported skill up-gradation programs for employees. All employees attend our Health & Safety training programmes.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized:**

1. Has the Company mapped its internal and external stakeholders? Yes
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders? Yes

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so

Yes, as a part of the CSR activities, the Company is engaged in diverse CSR activities to create a positive social impact by helping the disadvantaged, vulnerable and marginalized stakeholders. The activities are primarily focused on education, health, community development & environment.

**Principle 5: Businesses should respect and promote human rights:**

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The principles stated in our code and policies which include respect for human rights and dignity of all stakeholders, extend to the group, joint venture, suppliers and all those who work with us.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

We have not received any stakeholder complaints pertaining to this principle, during the financial year.

**Principle 6: Businesses should respect, protect and make efforts to restore the environment:**

1. Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others: Applicable only to the Company.
2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc. No
3. Does the Company identify and assess potential environmental risks? Y/N. Yes.
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed? Not Applicable.
5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.

Yes. Please refer Annexure III – Statement of particulars of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, forming part of the Directors Report in this Annual Report.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? Yes.
7. Number of show cause/ legal notices received from CPCB/SPCB which is pending (i.e. not resolved to satisfaction) as on end of financial year. There were no show cause/ legal notices received from CPCB/SPCB in the reporting year.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner:**

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
  - (a) Export Promotion Council for EOUs and SEZs (EPCES)
  - (b) Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI)
  - (c) Indo American Chamber of Commerce (IACC)
  - (d) Confederation of Indian Industry (CII)
2. Have you advocated/lobbied through the above associations for the advancement or improvement of public good? Yes/No: No

**Principle 8: Businesses should support inclusive growth and equitable development:**

1. Does the Company have specified programs/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company as part of its corporate social responsibility involved in several programmes and projects that creates a better country for the future generations. The details of several programmes undertaken by the Company are given in 'Annexure I' of the Boards' Report, which forms part of the Annual Report.

2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

The aforesaid projects have been carried out by the Company directly and in consultation with other organizations.

3. Have you done any impact assessment of your initiative? Yes.
4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken? During the year company has not spend any amount under CSR activity.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes the company's CSR initiatives are rolled out directly or in partnership with nonprofit organisations. This helps in increasing reach as well as ensuring the adoption of initiative by communities. Project teams track the reach and take necessary steps to make it successful.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible Manner:**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year? NIL.
2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information): N.A.
3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. No.
4. Did your Company carry out any consumer survey/ consumer satisfaction trends? Yes, customer feedback is taken and evaluated periodically.



# Corporate Governance Report

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

## Company's Philosophy

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

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

We take the subject of corporate governance very seriously from the boardroom to the manufacturing floor. Integrity has always been one of our values; it is the foundation of our reputation and one of our most precious assets.

We govern ourselves with a rigorous system of checks and balances to ensure utmost compliance to fair and honest business practices. This ensures that our integrity is never compromised. We believe that the integrity of any Company must come from a leadership committed to behaviour that is honest, decent and fair and from directors and employees who share that commitment and bring it to life at all levels of the organization. That's exactly what we do at Pokarna limited.

**The following is a report on the Corporate Governance.**

## A. Board of Directors

**(a) Composition and size of the Board:** As on 31st March, 2021, the Board of Directors consists of Nine (9) Directors consisting of Chairman & Managing Director, Managing Director, Executive Director and Six (6) Non-executive Directors, out of which Five (5) are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the relevant provisions of the Companies Act, 2013. The Independent Directors have been issued formal letter of appointment and the terms and conditions of their appointment have been disclosed on the website of the Company. The Independent Directors have given declarations to the Company about their independence to enable the Board for determining its composition as envisaged in Regulation 17 of the Listing Regulations and further confirming compliance as per Section 149 of the Companies Act, 2013 read with the Rules made thereunder. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. All material information is circulated to the Directors, including minimum information that are required to be made available to the Directors under Part A of Schedule II of the Listing Regulations.

**(b) Board Meetings and Attendance: Four (4) Board Meetings were held during the year. The dates on which the meetings were held are as follows**

S. No	Date of Board Meeting	Board Strength	No. of Directors Present
1	27th June, 2020	8	7
2	12th September, 2020	8	7
3	10th November, 2020	8	8
4	13th February, 2021	9	7

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

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

Date of Board Meeting	Category of Directorship	Attendance particulars		No. of other Directorships and Committee Memberships / Chairmanship		
		Board Meetings	Last AGM	Directorships in other public companies as on 31st March, 2021*	Committee** Member	Chairman
Gautam Chand Jain Chairman & Managing Director	Executive & Promoter	4	Yes	2	-	-
Rahul Jain Managing Director	Executive & Promoter	1	Yes	2	1	-
Apurva Jain Executive Director	Executive & Promoter	4	Yes	2	-	-
Prakash Chand Jain Director	Non-Executive & Promoter	4	Yes	2	-	-
Meka Yugandhar Director	Non-Executive & Independent	4	Yes	4	4	2
Thati Venkataswamy Chowdary Director	Non-Executive & Independent	4	Yes	3	3	1
Vinayak Rao Juvvadi Director	Non-Executive & Independent	3	Yes	2	2	-
Mahender Chand Director	Non-Executive & Independent	4	Yes	2	2	-
Jayshree Rajesh Sanghani <sup>#</sup> Director	Non-Executive & Independent	1	-	1	-	-

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

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

<sup>#</sup>Appointed as Independent Women Director by the Board with effect from 24th December, 2021.

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

- (e) Details of Directorship in other Listed entities as on 31st March, 2021:

Name of the director	Name of the Listed Company	Category
Mr. Thati Venkataswamy Chowdary	Divya Shakthi Granites Limited	Non-Executive – Independent
Mr. Meka Yugandhar	Alufluoride Limited	Non-Executive – Independent

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

- (g) Independent Directors Meeting

Meeting of the Independent Directors, chaired by Mr. Meka Yugandhar, was held on 31st March, 2021 which was attended by all the Independent Directors. The Independent Directors have evaluated the performance of the Non-Independent Directors, the Board as a whole and the Chairman & Managing Director, Managing Director and the Executive Director of the Company. The Board was briefed on the deliberations made at the Independent Directors Meeting. The details of Familiarisation Program imparted to Independent Directors of the Company are available on website of the Company at <http://www.pokarna.com/familiarization-programme-of-independent-directors/>

- (h) Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board

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

(i) **The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:**

Understanding about the Business Research and Development	Understanding about the dynamics of the Stone and Apparel Industries Understanding about the technology in the industry and focusing on next-gen technologies in relevant industries
Marketing and Strategy	Understanding about the marketing model and strategy planning for tapping untapped markets and exploring further opportunities in the existing markets.
Leadership	Leadership Skill to ensure effective guidance to and monitoring of the management and to set a corporate culture and the values by which executives throughout the group should leave.
Financial Discipline and Risk Oversight	Understanding the financial management, Financial Reporting Process and Financial & Operational Controls. Ensuring focus on returns.  Understand and Oversee internal and external risk associated with the business and to put in place appropriate policies and procedures to effectively manage such risks.
Corporate Governance	Experience in implementation of the statutory laws, rules, regulations etc., effective implementation and ensuring proper corporate governance.

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.

- iv. reviewing the adequacy of internal audit function and discussing with Internal Auditor any significant finding and reviewing the progress of corrective actions on such issues;
- v. reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- vi. scrutiny of inter-corporate loans and investments made by the Company;
- vii. evaluating internal financial controls and risk management systems;
- viii. review the functioning of the Whistle-blower Mechanism; and
- ix. reviewing the information required as per SEBI Listing Regulation

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

## B. Audit Committee

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

- i. Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- ii. reviewing and examining with management the quarterly and annual financial results before submission to the Board;
- iii. recommending the appointment, remuneration and terms of appointment of Statutory Auditors / Internal Auditor of the Company;

(b) **Composition, Meetings and Attendance: The Audit Committee as at the end of the year 31st March, 2021 consisted of Four (4) Directors of which Four (4) were Independent Directors. Details of attendance of the Members during the year are as follows:**

Name	Designation	Category of Directorship	Attendance
Meka Yugandhar	Chairman	Non-Executive Independent	4
Thati Venkataswamy Chowdary	Member	Non-Executive Independent	4
Vinayak Rao Juvvadi	Member	Non-Executive Independent	3
Mahender Chand	Member	Non-Executive Independent	4

Four (4) Audit Committee Meetings were held during the year. The dates on which the meetings were held are 27th June, 2020, 12th September, 2020, 10th November, 2020 and 13th February, 2021. The Company Secretary is the Secretary of the Committee. The Chairman & Managing Director, Managing Director, Executive Director, Chief Financial Officer along with the Statutory Auditor's and Internal Auditor are invitees to the Audit Committee Meetings. Cost Auditors are invited to the meeting as and when required. The Chairman of the Audit Committee, Meka Yugandhar, was present at the Annual General Meeting of the Company held on 29th September, 2020.

### C. Nomination and Remuneration Committee

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

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

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

**(b) Composition, Meetings and Attendance: The Nomination and Remuneration Committee as at the end of the year 31st March, 2021 consisted of Four (4) Directors of which Three (3) were Independent Directors. Details of attendance of the Members during the year are as follows:**

Name	Designation	Category of Directorship	Attendance
Meka Yugandhar	Member	Non-Executive Independent	1
Thati Venkataswamy Chowdary	Chairman	Non-Executive Independent	1
Mahender Chand	Member	Non-Executive Independent	1
Prakash Chand Jain	Member	Non-Executive Director	1

One (1) Nomination and Remuneration Committee were held during the year. The dates on which the meeting was held is 27th June, 2020. The Company Secretary is the Secretary of the Committee.

### D. Remuneration to Directors:

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

- (i) Remuneration of the Chairman & Managing Director:** Mr. Gautam Chand Jain, Chairman & Managing Director voluntarily decided not to accept any remuneration from the Company during the FY 2020-2021. No sitting fees were paid to Mr. Gautam Chand Jain for attending meetings of the Board during the financial year 2020-21. Mr. Gautam Chand Jain is also the Managing Director of Pokarna Engineered

Stone Limited ('PESL'), a material subsidiary of the Company. Mr. Gautam Chand Jain was re-appointed as the Managing Director of PESL for a period of 5 years effective from 07th November, 2016. Mr. Gautam Chand Jain draws remuneration from PESL. The details of remuneration drawn by Mr. Gautam Chand Jain from PESL during FY 2020-2021 is as below:

	Amount ( in Lakhs)
Salary	120.00
Perquisite	12.73
Commission	141.78
<b>Total</b>	<b>274.51</b>

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

- (ii) **Remuneration of the Managing Director and Executive Director:** The details of remuneration drawn by Mr. Rahul Jain, Managing Director and Mrs. Apurva Jain, Executive Director during FY 2020-2021 is as below:

Amount ( in Lakhs)		
Particulars	Rahul Jain	Apurva Jain
Salary	110.23	22.23
Perquisite	-	-
Commission	-	-
<b>Total</b>	<b>110.23</b>	<b>22.23</b>

No sitting fees were paid to Mr. Rahul Jain and Mrs. Apurva Jain for attending meetings of the Board during the financial year 2020-21. The total amount of remuneration paid by the Company to Mr. Rahul Jain and Mrs. Apurva Jain is within the limits prescribed under the Act and as approved by the shareholders of the Company and the Nomination and Remuneration Committee of the company.

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

(iii) **Remuneration of the Non-Executive Director:**

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

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

Name of the Director	Board Meeting	Commission
		Paid for FY 2020-2021 ₹ in Lakhs
Meka Yugandhar	4	2.00
Thati Venkataswamy Chowdary	4	2.00
Vinayak Rao Juvvadi	3	1.50
Mahender Chand	4	2.00
Prakash Chand Jain	4	2.00
Jayshree Rajesh Sanghani*	1	0.50

\*Appointed as Women Independent Director with effect from 24th December, 2020

**E. Stakeholder Relationship Committee**

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

- Consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-

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

- consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc; and
- reviewing the information required as per SEBI Listing Regulation.

(b) **Composition, Meetings and Attendance: The Stakeholders' Relationship Committee as at the end of the year 31st March, 2021 consisted of Three (3) Directors of which Two (2) were Independent Directors. Details of Committee Members are as follows:**

Name	Designation	Category of Directorship	Attendance
Thati Venkataswamy Chowdary	Chairman	Non-Executive Independent	1
Meka Yugandhar	Member	Non-Executive Independent	1
Rahul Jain	Member	Managing Director	-

One (1) Stake Holders Relationship Committee were held during the year. The dates on which the meetings were held are 13th February, 2021. The Company Secretary is the Secretary of the Committee.

**(c) Name, designation and address of the Compliance**

**Officer:** Ms. Babita Chandrakar, Company Secretary, 105, 1st Floor, Surya Tower, Sardar Patel Road, Hyderabad - 500003. Phone: 040-27842121. Email ID: companysecretary@pokarna.com. During the year, the Company has not received any investor complaints. In order to facilitate faster redressal of investors' grievances the Company has created an exclusive email ID igrc@pokarna.com. Investors and shareholders may lodge their query/complaints addressed to this email ID which would be attended immediately.

**F. Corporate Social Responsibility Committee**

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

- (i) Formulate and recommend to the board, a CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- (ii) recommend the amount of expenditure to be incurred on the activities referred to above; and
- (iii) monitor the CSR Policy of the Company from time to time.

**(b) Composition, Meetings and Attendance: The Corporate Social Responsibility Committee as at the end of the year 31st March, 2021 consisted of Four (4) Directors of which Three (3) were Independent Directors. Details of attendance of the Members during the year are as follows:**

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

\*Dr. Jayshree Rajesh Sanghani, Independent Director and Mrs. Apurva Jain, Executive Director were appointed as members of Committee with effect from 26th April, 2021 and 21st June, 2021 respectively.

One (1) Corporate Social Responsibility Committee were held during the year. The date on which the meetings was held is 13th February, 2021. The details of the Corporate Social Responsibility activities of the Company as per the Corporate Social Responsibility Policy are provided as Annexure -I to the Directors Report.

**G. Loan Committee**

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

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

**Composition: The Loan Committee as at the end of the year 31st March, 2021 consisted of Three (3) Directors of which One (1) were Independent Directors. Details of the Members are as follows:**

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

**H. Risk Management Committee:** Risk Management Committee as required under Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was constituted on June 21, 2021 with following members:

Name	Designation	Category of Directorship
Mahender Chand	Chairman	Non-Executive Independent
Vinayak Rao Juvvadi	Member	Non-Executive Independent
Rahul Jain	Member	Managing Director



- (a) The terms of reference of the Risk Management Committee, as approved by the Board, includes the following:

1. Framing a risk management policy;
2. Identify Company's risk appetite set for various elements of risk;
3. Review the risk management practices and structures and recommend changes to ensure their adequacy including but not limited to cyber security and related risks;
4. Approve and review the risk treatment plans put in place by management; and
5. Ensure adequacy of risk management practices in the Company.

The Risk Management Policy formulated by the Risk Management Committee, articulates the Company's approach to address uncertainties in its endeavors to achieve its stated and implicit objectives. It prescribes the

roles and responsibilities of various stakeholders within the Company, the structure for managing risks and framework with respect to Risk Management and the Internal Financial Controls comprehensively address the key strategic/business risks, information technology, financial, cyber security risks and operational risks respectively.

#### I. Subsidiary Company

In terms of Regulation 16(1)(c) of the Listing Regulations, PESL is material subsidiary of the Company as on 31st March, 2021. The Company doesn't have any other subsidiary or associate. The Policy on Material Subsidiary is available on the website of the Company at [www.pokarna.com](http://www.pokarna.com). All the Independent Directors of the Company are also Independent Directors on the Board of PESL as on 31st March, 2021.

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

#### J. General Body Meetings

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

Date of AGM	Venue	Time	Whether Special Resolution passed	Summary of Special Resolutions
14th September, 2018	Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India – 500016	10.30 a.m.	No	Nil
14th September, 2019	Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India – 500016	10.30 a.m.	No	Nil
29th September, 2020	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	11:00 AM	Yes	Remuneration to Promoter Group as Per Reg. 17(6)(e) of Listing Regulation

- (b) **Postal Ballot:** During the year, the Company did not pass any special resolution through postal ballot. The details of the previous postal ballots are available on the website, at <https://www.pokarna.com/postal-ballot/>

#### K. Means of Communication:

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

#### L. General Shareholders' Information

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

##### (i) Thirtieth (30th) Annual General Meeting (AGM):

**Date:** 6th August, 2021, Friday.

**Time:** 11:00 A.M

**Venue:** Annual General Meeting through Video Conferencing/Other Audio Visual Means facility (Deemed Venue for meeting: Registered Office: 105, First Floor, Surya Tower, Sardar Patel Road, Secunderabad, Telangana – 500003)

**(ii) Financial Year:** April to March

**(iii) Dividend Payment Date:** The final dividend, if declared by the shareholders at the Thirtieth (30th) AGM scheduled on 6th August, 2021 will be paid within 30 days on and from 6th August, 2021.

**(iv) Closure of Register of Members:** The Register of Members of the Company shall remain closed from Saturday, 31st July, 2021 to Friday, 6th August, 2021 (both the days inclusive) for the purpose of dividend and AGM.

**(v) Listing on Stock Exchanges and Stock Code:****BSE Ltd.**

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

**National Stock Exchange of India Ltd.,**

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

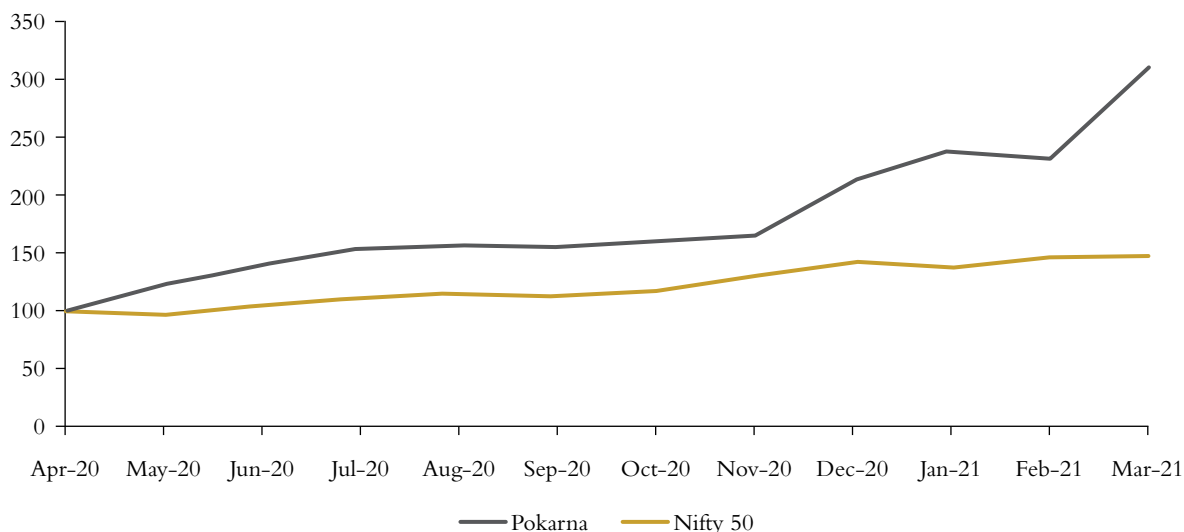
Listing fees for the year have been paid to both the above Stock Exchanges.

**(vi) Market Price Data: High and Low during each month in the financial year 2020-21:**

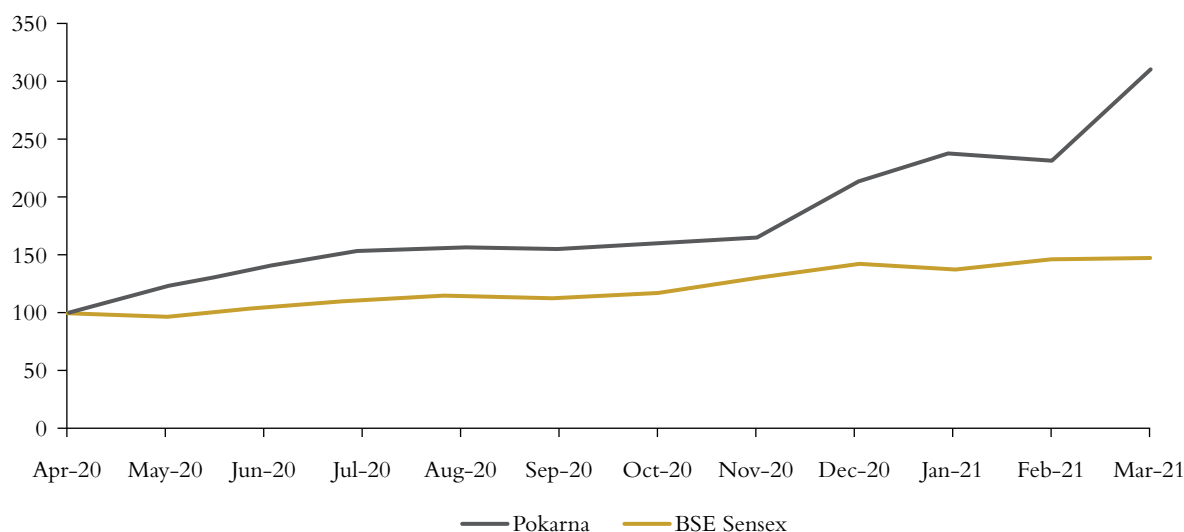
Month	BSE		NSE	
	High	Low	High	Low
Apr-20	85	49	85	48
May-20	119	89	119	89
Jun-20	126	100	124	103
Jul-20	158	114	158	113
Aug-20	159	125	161	130
Sep-20	157	118	156	118
Oct-20	155	130	155	126
Nov-20	151	132	151	134
Dec-20	193	138	193	138
Jan-21	234	180	232	171
Feb-21	259	194	259	178
Mar-21	274	198	275	197

**(vii) Performance of the Company's equity shares (closing share price) in comparison to BSE Sensex and NSE Nifty during the financial year 2020-21:**

**Pokarna Limited's Share Price at the NSE versus the Sensex for the year 2020-21 is as follows:**



**Pokarna Limited's Share Price at the BSE versus the Sensex for the year 2020-21 is as follows:**



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

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

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

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

- (x) Share Transfer Process:** Transfer of shares in physical form is processed by the Company's Registrar and Transfer Agents ("RTA") within fifteen days from the date of lodgement, provided the documents therefor are complete in all respects. All requests for transfer/transmission in physical form after they are processed by the RTA are submitted to the Company for approval. The Company Secretary is authorised by the Board to consider and approve

such transfer/transmission requests. As per Regulation 40 of the Listing Regulations, securities of listed companies can be transferred only in dematerialized form w.e.f. 1st April, 2020. Shareholders who wish to understand the procedure for dematerialisation of shares may contact the Company or its RTA or visit the following link:

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

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

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

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

**(xiii) Distribution of Shareholding and Shareholding pattern as on 31st March, 2021:**

Distribution of Shareholding as on 31/03/2021 (TOTAL)					
Sl no	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	15152	97.86	4453846	14.37
2	5001 - 10000	161	1.04	1205568	3.89
3	10001 - 20000	93	0.60	1413197	4.56
4	20001 - 30000	18	0.12	458313	1.48
5	30001 - 40000	14	0.09	469325	1.51
6	40001 - 50000	10	0.06	475475	1.53
7	50001 - 100000	13	0.08	909104	2.93
8	100001 and above	22	0.14	21619172	69.73
<b>TOTAL:</b>		<b>15483</b>	<b>100.00</b>	<b>31004000</b>	<b>100.00</b>

**(xiv) Dematerialisation of shares and Liquidity:** 99.43 % of the shareholding has been dematerialized as on 31st March, 2021.

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

**(xvi) Plant Locations:****Granite Processing:****Unit 1:**

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

**Unit 2:**

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

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

**Apparel:**

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

**Pokarna Engineered Stone Limited****Unit 1:**

Plot. No: 45, APSEZ, Atchutapuram, Rambilli Mandal, Visakhapatnam District, Andhra Pradesh.

**Unit 2:**

Sy.Nos. 221,223, Dooskal Village, Farooqnagar Mandal Sy.Nos. 901,902, 908-912, Mekaguda Gram Panchayat Nandigama Revenue Village and Mandal, Ranga Reddy District, Telangana State.

**(xvii) Address for correspondence:****Pokarna Limited**

105, 1st Floor, Surya Towers,  
S.P. Road, Secunderabad – 500003  
Telangana, India  
Ph: 91 40 27897722

**Email:** companysecretary@pokarna.com

**Website:** www.pokarna.com

**CIN:** L14102TG1991PLC013299

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

**M. Other Disclosures:**

- (a) Policies Determining Material Subsidiaries and Related Party Transactions:** Pursuant to requirements of Regulation 16 and Regulation 23 of the Listing Regulations, the Board of Directors of the Company has adopted the policies for determining material subsidiaries and on related party transactions and the said policies are available on the Company's website at www.pokarna.com.
- (b) Disclosure on Material Related Party Transactions:** There were no materially significant related party transactions entered by the Company during financial year 2020-21. Prior omnibus approval of the Audit Committee was obtained for the transactions which are foreseen and are repetitive in nature. A statement of related party transactions is placed before the Audit Committee and Board on quarterly basis. Transactions with the Related Parties as required under Indian Accounting Standard (Ind AS) – 24, Related Party Transactions, are disclosed in Note No. 32 of the financial statements forming part of this Annual Report.
- (c) Penalty or Strictures:** The Company is in compliance with the various requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to the capital market and other applicable laws. There was

delay in appointment of independent women director as per Regulation 17(1) of SEBI (LODR) Regulations, 2015 and the Company received notice levying fine of ₹ 495600 from NSE for delayed compliance. The Company couldn't appoint independent women director in time because of the unprecedented COVID 19 pandemic and the nationwide lockdowns in the country, which led to the delay in finding suitable candidate and completion of formalities thereof. The Company has submitted letter to NSE requesting waiver of the said fine.

Besides the above, no penalties/ strictures were imposed on the Company by the Stock Exchanges or any statutory authority on any matter related to the capital market during the financial year.

**(d) Code of Conduct for Prevention of Insider Trading:**

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

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

**(f) Commodity price risk or foreign exchange risk and hedging activities:** The Company does not deal with any commodity and hence not exposed to any commodity price risk. Management Discussion and Analysis sets out the risks identified and the mitigation plans thereof. As on 31st March, 2021, the Company has foreign exchange receivable of ₹ 653.91 Lakhs and the foreign exchange payable as on 31st March, 2021 is ₹ 2297.27 Lakhs.

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

**(h) Company Secretary in Practice Certification:** In accordance with the Listing Regulations, the Company has obtained the certificate from a practising company

secretary confirming that as on 31st March, 2021, none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such authority and the same is appended to this Report.

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

**(j) Total Fees Paid to Statutory Auditors:** Total fees for all services paid by Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors and all entities in the network firm / network entity of which the Statutory Auditors are is ₹ 21.77 Lakhs.

**(k) Disclosures related to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:** The Company has not received any complaints relating to sexual harassment of women during the financial year 2020-21. No complaints were pending as at end of the financial year.

**(l) Disclosure with respect to Demat suspense account/ unclaimed suspense account:** The Company does not have any equity shares lying in the Demat suspense account/ unclaimed suspense account of the Company as on 31st March, 2021. Hence disclosures required under Part F of Schedule V of the Listing Regulations.

**(m) Certifications:**

- i. The Chairman & Managing Director (CMD) and the Chief Financial Officer (CFO) have certified to the Board in accordance with Regulation 33(2)(a) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended 31st March 2021. The CMD and Chief Financial Officer have also issued compliance certificate to the Board pursuant to the provisions of Regulation 17(8) of the Listing Regulations certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs.
- ii. A certificate from the Practising Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations forms part of this Annual Report.

**N. SEBI Complaints Redress System (SCORES):**

The Investor's Complaints are also being processed through the centralized web base complaint Redressal system of SEBI. The salient features of SCORES are availability of centralized database of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the action taken and current status of the complaints. SEBI vide its Circular dated 26th March 2018

have streamlined the process of filing investor grievances in the SCORES in order to ensure speedy and effective resolution of complaints filed therein. The said Circular can be accessed on the website of SEBI at [https://www.sebi.gov.in/legal/circulars/mar-2018/investor-grievance-redressmechanism-new-policy-measures\\_38481.html](https://www.sebi.gov.in/legal/circulars/mar-2018/investor-grievance-redressmechanism-new-policy-measures_38481.html).

**O. Compliance with Mandatory/Non-Mandatory Requirements:**

The Company has complied with all the mandatory requirements of corporate governance specified in Listing Regulations. The Board has taken cognizance of the discretionary requirements

as specified in Part E of Schedule II to the Listing Regulations and are being reviewed from time to time.

**Declaration:**

I confirm that the Company has obtained the confirmation from all its Directors and Senior Management Personnel that they have complied with the provisions of the Code of Conduct for the financial year 2020-21.

Sd/-

**Gautam Chand Jain**

Chairman & Managing Director

Date: : 21st June, 2021.

Place: Secunderabad



# COMPLIANCE CERTIFICATE

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

We the undersigned hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the F.Y. 2020-2021 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation internal controls of which we are aware and also the steps taken by the Company, to rectify such deficiencies.
- D. We have indicated to the auditors and the Audit committee that were:
- 1) No significant changes in internal control over financial reporting during the year;
  - 2) No significant changes in accounting policies during the year; and
  - 3) No instances of significant fraud, in which the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting, of which we became aware of.

For **Pokarna Limited**

Sd/-

**Gautam Chand Jain**  
Chairman & Managing  
DIN: 00004775

Sd/-

**M. Viswanatha Reddy**  
Chief Financial Officer

Date: 21st June, 2021.  
Place: Secunderabad

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

I, K.V.Chalama Reddy, Practicing Company Secretary have examined the Company and Registrar of Companies records, books and papers of Pokarna Limited (CIN: L14102TG1991PLC013299) having its Registered Office at 01st Floor, 105, Surya Towers, Secunderabad- 500003, Telangana State, India ("the Company") as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable Rules and Regulations made thereunder for the financial year ended on 31st March, 2021.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations and representation furnished to me by the Company, its officers and agents, we certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority as on 31st March, 2021:

List of Directors of the Company as on 31st March, 2021:

S. No	DIN	Name of the director	Designation
1)	00004775	Gautam Chand Jain	Chairman and Managing Director
2)	00008449	Mahender Chand	Independent Director
3)	00010435	Thati Venkataswamy Chowdary	Independent Director
4)	00012265	Yugandhar Meka	Independent Director
5)	00084490	Prakash Chand Jain	Non-independent director
6)	00229415	Vinayakrao Juvvadi	Independent Director
7)	00576447	Rahul Jain	Managing Director
8)	06933924	Apurva Jain	Whole time director
9)	09007808	Jayshree Rajesh Sanghani	Independent Woman Director

Sd/-

**K. V. Chalama Reddy**

Practising Company Secretary

M.NO:F9268

CP.NO:5451

UDIN number: F009268C000491794

Date: 21st June, 2021.

Place: Hyderabad

# CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To

The Members of **Pokarna Limited**.

We have examined the compliance of the conditions of Corporate Governance by Pokarna Limited ("Company"), and examine the records for the purpose of certifying compliance of the conditions of the Corporate Governance as specified in regulations 17 to 27, clause (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule-V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing Regulations"), for the financial year ended 31st March, 2021. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of our information and according to the explanations and information furnished to us, and based on the representations made by the Directors and the management, we certify that, the Company has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing regulations"), as applicable for the said financial year ended 31st March, 2021 *except as stated below*.

*Delay of 8 months 23 days in appointment of independent woman director as required under Regulation 17(1)(a) of The Securities and Exchange Board of India (Listing Obligations Disclosure Requirements) Regulations, 2015.*

I further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Sd/-

**K.V. Chalama Reddy**

Practicing Company Secretary

M .No .: F9268, C.P.No:5451

UDIN number: F009268C000491970

Date : 21st June, 2021

Place : Hyderabad



# **Financial Statements**

# Independent Auditor's Report

To  
The Members of  
Pokarna Limited

## Report on the Audit of the Standalone financial statements

### Opinion

We have audited accompanying standalone financial statements of Pokarna Limited ('the Company'), which comprise of the balance sheet as at March 31, 2021, the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year ended on that date, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereafter referred to as "the audited standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by The Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian accounting standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under

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

### Emphasis of Matter

We draw attention to Note No. 38 of the standalone financial statements, as regards to the management's evaluation of COVID – 19 impact on the future performance of the Company. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

#### S Key Audit Matter No.

##### 1 Contingent Liabilities and Commitments:

The Company is exposed to a variety of different laws, regulations and interpretations thereof which encompasses taxation and legal matters. In the normal course of business, provisions and contingent liabilities may arise from legal proceedings, including regulatory and other Governmental proceedings, constructive obligations and commercial claims. Based on the nature of regulatory and legal cases management applies significant judgment when considering whether, and how much, to provide for the potential exposure of each matter. These estimates could change substantially over time as new facts emerge as each legal case or matters progresses. Given the different views possible, basis of the interpretations, complexity and the magnitude of the potential exposures, and the judgment necessary to determine required disclosures, this is a key audit matter.

#### Auditors Response

##### Principal Audit Procedures :

Our audit procedures included the following:

We understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the Company's controls over the recording and re-assessment of uncertain legal positions, claims and contingent liabilities;

We held discussions with the person responsible for legal and compliance to obtain an understanding of the factors considered in classification of the matter as 'probable' and 'possible'

We read the correspondence from competent authorities and considered legal opinion obtained by the Company from external law firms to challenge the basis used for provisions recognised or the disclosures made in the standalone financial statements;



**S Key Audit Matter  
No.**
**2 Inventory of raw material, Work in Progress and Finished Goods (Valuation) –**

Finished goods inventory are valued at lower of cost and net realizable value (estimated selling price less estimated cost to sell). Considering the nature of finished goods consisting of raw blocks, granite slabs, etc., which is dependent upon various market conditions and evaluating possible impact of quality, class, size and ageing, determination of the net realizable value for goods involves significant management judgement and therefore has been considered as a key audit matter.

**3. IT systems and controls over financial reporting**

We identified IT systems and controls over financial reporting as a key audit matter for the Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, specifically with respect to revenue and raw material consumption. Also, due to such large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, cyber security has become more significant.

Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure accurate financial reporting.

**Auditors Response**

For those matters where Company concluded that no provision should be recorded, we also considered the adequacy and completeness of the Company's disclosures made in relation to contingent liabilities.

With respect to the net realisable value:

- Obtained an understanding of the determination of the net realizable values of raw blocks, granites, cut slabs and assessed and tested the reasonableness of the significant judgements applied by the management.
- Evaluated the design of internal controls relating to the valuation of finished goods/work in progress and finished goods and also tested the operating effectiveness of the aforesaid controls.
- To assess the reasonableness of the net realisable value considering the market condition and evaluating possible impact of quality, class, size and ageing that was estimated and considered by the management.
- Compared the actual costs incurred to sell based on the latest sale transactions to assess the reasonableness of the cost to sell that was estimated and considered by the management.
- Compared the cost of the finished goods with the estimated net realisable value and checked if the finished goods were recorded at net realisable value where the cost was higher than the net realisable value.
- Tested the appropriateness of the disclosure in the financial statements in accordance with the applicable financial reporting framework.

Our procedures included and were not limited to the following:

Assessed the complexity of the IT environment by engaging IT specialists and through discussion with the head of IT and internal audit and identified IT applications that are relevant to our audit.

Assessed the design and evaluation of the operating effectiveness of IT general controls over program development and changes, access to program and data and IT operations by engaging IT specialists.

Performed inquiry procedures in respect of the overall security architecture and any key threats addressed by the Company in the current year.

Assessed the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Company by engaging IT specialists.



### **Information other than financial statements and Auditor's report thereon**

The company's Board of Directors are responsible for the preparation of the other information. The other information comprises of the information included in the Board's Report including Annexures to Boards Report, Management Discussion and Analysis Report and Business Responsibility Report but does not include the financial statements and our auditor's report thereon. Our opinion on financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

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

### **Management's Responsibility for the Standalone financial statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high

level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the statement of change in equity, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act;
- e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- h) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us :
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 33;
  - ii. The Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts. The Company neither entered into any derivative contract during the year nor have any outstanding derivative contract at the end of the year;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.

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

**(Manoj Kumar Bihani)**  
Partner

Place: Hyderabad  
Date: 21.06.2021

Membership No. 234629  
UDIN No. 21234629AAAADD7721

# Annexure - A to the Independent Auditors' Report

Referred to in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report of even date to the members of Pokarna Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2021

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment.
- (b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all assets are verified in a phased manner over a period of one year. In accordance with this programme, the Property,

Plant and Equipment have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

- (c) According to the information and explanations given to us and the records examined by us, we report that the title deeds comprising of immovable properties of Land and Building which are freehold are held in the name of the company as on the Balance sheet date, except for the following:

Particulars of land	Gross Block as at March 31, 2021 (March 31,2020) (in lakhs)	Net Block as at March 31,2021 (March 31, 2020) (in lakhs)	Remarks
Freehold land to the extent of 41.94 acres (Py. 41.94 acres) at various locations	44.22 (44.22)	44.22 (44.22)	The title deeds are pending for execution in favour of the Company.

In respect of immovable properties of Land and Building that have been taken on Lease and disclosed as Property, Plant and Equipment in the financial statements, the lease agreements are in the name of the Company, where the company is the Lessee in the agreement.

- ii. The inventory, except goods-in-transit, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to information and explanations given to us, the Company has complied with the provision of section 185 and 186 of the Companies Act 2013 in respect of providing Corporate Guarantee and securities (to its subsidiary Pokarna Engineered Stone Limited) as applicable.
- v. According to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of section 73 to 76 of the Act, any other

relevant provisions of the Act and the relevant rules framed there under and hence reporting under clause 3(v) of the Order is not applicable.

- vi. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government of India, the maintenance of cost records specified under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (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 regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, goods and service tax, duty of customs, cess, professional tax and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, goods and service tax, duty of customs, cess, professional tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable except advance income tax of ₹26.07 lakhs (Prev. Year NIL).

- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, value added tax, service tax, goods and service tax, duty of customs, duty of excise which have not been deposited with the appropriate authorities on account of dispute other than those mentioned here in below:

(₹ in Lakhs)

Sl. No.	Name of the Statute	Nature of dues	Amount ₹ In lakhs	Period to which the amount relates	Forum where dispute is pending	Remarks if any Paid under dispute ₹ in lakhs
1	Finance Act, 1994	Service Tax	247.50 (247.50)	2007-2017	Customs, Excise & Service Tax appellate tribunal and Superintendent of Service Tax	23.06 (5.57)
2	Central Excise Act, 1944	Excise Duty	148.89 (148.84)	2007-16	Customs, Excise & Service Tax appellate tribunal and Addl. Commissioner of Central Excise	Nil
3	Customs Act, 1962	Customs Duty	75.91 (75.91)	2003-11	Customs, Excise & Service Tax Appellate tribunal	Nil
4	Income Tax Act, 1961	Income Tax	151.12 (159.58)	2000-01 to 2002-03 & 2005-06, 2006-17, 2017-18, 2018-19	High Court of Andhra Pradesh & Commissioner of Income Tax	1.85 Nil
5	AP Vat Act, 2005 & Central Sales Tax Act, 1956	VAT & CST	266.05 (266.05)	2011-12, 2013-14, 2014-15 & 2017-18	Deputy Commissioner of Commercial Taxes	34.97 (34.97)
<b>Total</b>			<b>889.47 (897.88)</b>			<b>59.88 (40.54)</b>

(Previous year figures are in brackets)

- viii. 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 loans or borrowings to banks as at the Balance Sheet date. The Company has not taken any loans or borrowings from financial institutions and government. The Company has not issued any debentures.
- ix. 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. The company has not raised moneys by way of initial public offers or further public offers during the year.
- x. 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 by its officers or employees, noticed or reported during the year, nor have we been informed by any such case by the management.
- xi. According to the information and explanations given to us and based on our examination of the records, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.
- xii. The Company is not a Nidhi company and hence paragraph 3 (xii) of the Order is not applicable to the Company.
- xiii. In our Opinion and according to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required by applicable Indian Accounting Standards.
- xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence reporting under paragraph 3(xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him and hence reporting under paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under paragraph 3 (xvi) of the Order is not applicable to the Company.

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

**(Manoj Kumar Bihani)**  
Partner  
Membership No. 234629

Place: Hyderabad  
Date: 21.06.2021

# Annexure - B to the Independent Auditors' Report

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

We have audited the internal financial controls with reference to the financial statements of Pokarna Limited ("the Company") as of 31st March 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the financial statements 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 Control over financial reporting issued by ICAI and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls over financial reporting. 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 with reference to 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of such internal financial controls, 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 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 controls 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, to best of our information and according to explanation given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**(Manoj Kumar Bihani)**  
Partner  
Membership No. 234629

Place: Hyderabad  
Date: 21.06.2021

# Standalone Balance Sheet

(₹ in Lakhs)

	Note	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment	3	8668.21	9536.90
(b) Capital work-in-progress		128.32	233.72
(c) Intangible assets	3	48.70	53.01
(d) Financial assets			
(i) Investments	4	6115.88	6115.88
(ii) Loans	5(A)	418.43	456.76
(iii) Other financial assets	6(A)	1.85	4.17
(e) Other non-current assets	7(A)	13.82	39.12
<b>Total non-current assets</b>		<b>15395.21</b>	<b>16439.56</b>
<b>II Current assets</b>			
(a) Inventories	8	3403.23	3184.96
(b) Financial assets			
(i) Trade receivables	9	1109.45	770.96
(ii) Cash and cash equivalents	10	285.98	66.65
(iii) Bank balances other than (ii) above	11	84.70	148.62
(iv) Loans	5(B)	372.95	128.97
(v) Other financial assets	6(B)	2.82	5.38
(c) Current tax assets	12	7.15	15.20
(d) Other current assets	7(B)	680.58	494.57
<b>Total current assets</b>		<b>5946.86</b>	<b>4815.31</b>
<b>TOTAL ASSETS</b>		<b>21342.07</b>	<b>21254.87</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	13	620.08	620.08
(b) Other equity	14	12397.20	12534.40
<b>Total equity</b>		<b>13017.28</b>	<b>13154.48</b>
<b>Liabilities</b>			
<b>II Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15(A)	2012.21	2301.90
(ii) Other financial liabilities	16(A)	255.72	436.36
(b) Provisions	17(A)	375.70	325.42
(c) Deferred tax liabilities (net)	18	253.10	255.34
<b>Total non-current liabilities</b>		<b>2896.73</b>	<b>3319.02</b>
<b>III Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15(B)	2308.81	2397.96
(ii) Trade payables	20		
a) total outstanding dues of micro enterprises and small enterprises		20.40	13.34
b) total outstanding dues of creditors other than micro enterprises and small enterprises		628.91	897.78
(iii) Other financial liabilities	16(B)	721.16	468.51
(b) Other current liabilities	19	1675.98	980.50
(c) Provisions	17(B)	24.78	23.28
(d) Current tax liabilities (net)	21	48.02	–
<b>Total current liabilities</b>		<b>5428.06</b>	<b>4781.37</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21342.07</b>	<b>21254.87</b>
Notes forming part of the financial statements	1 – 44		

In terms of our report attached

For and on behalf of Board of Directors

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

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

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

**Manoj Kumar Bihani**  
Partner  
Membership No. 234629

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

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

Place : Hyderabad  
Date : 21st June, 2021

**M Viswanatha Reddy**  
Chief Financial Officer

**Babita Chandrakar**  
Company Secretary



# Standalone Statement of Profit and Loss

(₹ in Lakhs)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
<b>Income</b>			
<b>I</b> Revenue from operations	22	7693.41	7729.80
<b>II</b> Other income	23	224.06	83.34
<b>III Total income</b>		<b>7917.47</b>	<b>7813.14</b>
<b>IV Expenses:</b>			
a) Cost of raw material consumed	24	568.96	923.54
b) Purchase of stock-in-trade		58.40	265.75
c) Changes in stock of finished goods, work-in-progress and stock-in-trade	25	54.14	(453.28)
d) Employee benefits expense	26	1783.89	2193.92
e) Depreciation and amortization expense	27	1013.65	1222.53
f) Finance costs	28	462.27	568.10
g) Other expenses	29	3883.04	3869.43
<b>Total expenses</b>		<b>7824.35</b>	<b>8589.99</b>
<b>V Profit before tax (III-IV)</b>		<b>93.12</b>	<b>(776.85)</b>
<b>VI Tax expense:</b>	30		
a) Current tax		73.69	10.40
b) Deferred tax		(9.07)	(306.54)
<b>Total tax expense</b>		<b>64.62</b>	<b>(296.14)</b>
<b>VII Profit after tax (V-VI)</b>		<b>28.50</b>	<b>(480.71)</b>
<b>VIII Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss		27.15	4.73
(ii) Income tax relating to items that will not be reclassified to profit or loss		(6.83)	6.58
<b>Total other comprehensive income</b>		<b>20.32</b>	<b>11.31</b>
<b>IX Total comprehensive income for the year (VII+VIII)</b>		<b>48.82</b>	<b>(469.40)</b>
<b>X</b> Earnings per share - Basic and Diluted (in ₹)	31	0.09	(1.55)
<b>XI</b> Nominal Value of share (in ₹)		2.00	2.00
Notes forming part of the financial statements	1 - 44		

In terms of our report attached

For **K.C.Bhattacharjee & Paul**  
Chartered Accountants  
(FNo.303026E)

**Manoj Kumar Bihani**  
Partner  
Membership No. 234629

Place : Hyderabad  
Date : 21st June, 2021

For and on behalf of Board of Directors

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

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

**M Viswanatha Reddy**  
Chief Financial Officer

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

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

**Babita Chandrakar**  
Company Secretary

# Standalone Statement of Changes in Equity

## A) Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Equity shares		
Balance at the beginning of the year	620.08	620.08
Changes during the year	—	—
Balance at the end of the year	<b>620.08</b>	<b>620.08</b>

## B) Other Equity

(₹ in Lakhs)

Particulars	General Reserve	Retained earnings	Securities Premium	Other Comprehensive Income	Total Equity
<b>Balance as at 01.04.2020</b>	<b>980.36</b>	<b>11329.46</b>	<b>73.96</b>	<b>150.62</b>	<b>12534.40</b>
Profit for the year		28.50			28.50
Movement in OCI (Net) during the year				20.32	20.32
Dividend		(186.02)			(186.02)
<b>Balance as at 31.03.2021</b>	<b>980.36</b>	<b>11171.94</b>	<b>73.96</b>	<b>170.94</b>	<b>12397.20</b>

(₹ in Lakhs)

Particulars	General Reserve	Retained earnings	Securities Premium	Other Comprehensive Income	Total Equity
<b>Balance as at 01.04.2019</b>	<b>980.36</b>	<b>12034.42</b>	<b>73.96</b>	<b>139.31</b>	<b>13228.05</b>
Profit for the year		(480.71)			(480.71)
Movement in OCI (Net) during the year				11.31	11.31
Dividend		(186.02)			(186.02)
Tax on dividend		(38.23)			(38.23)
<b>Balance as at 31.03.2020</b>	<b>980.36</b>	<b>11329.46</b>	<b>73.96</b>	<b>150.62</b>	<b>12534.40</b>

In terms of our report attached

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

**Manoj Kumar Bihani**  
Partner  
Membership No. 234629

Place : Hyderabad  
Date : 21st June, 2021

For and on behalf of Board of Directors

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

**Babita Chandrakar**  
Company Secretary

# Standalone Statement of Cash Flow

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>(A) Cash flows from operating activities</b>		
<b>Profit before taxes</b>	<b>93.12</b>	<b>(776.85)</b>
Adjustments:		
Depreciation and amortization expense	1013.65	1222.53
Loss/ (Profit) on Sale of property, plant and equipment (Net)	39.25	10.24
Gain on modification of lease	(24.48)	(29.17)
Unrealized foreign exchange (gain) / loss (Net)	(117.85)	136.71
Sundry Credit Balances written back	(13.60)	—
Finance costs	462.27	568.10
Interest income	(14.45)	(23.58)
<b>Operating profit before working capital changes</b>	<b>1437.91</b>	<b>1107.98</b>
Changes in working capital and other provisions:		
(Increase)/Decrease in Trade Receivables	(345.58)	549.10
(Increase)/Decrease in Inventories	(218.27)	(272.88)
(Increase)/Decrease in Financial Assets	68.80	201.13
(Increase)/Decrease in Non - Financial Assets	(366.36)	118.09
Increase/(Decrease) in Provisions	65.37	67.02
Increase/(Decrease) in Non - Financial Liabilities	1.34	1.47
Increase/(Decrease) in Trade and Other Payables	552.65	(58.60)
<b>Cash generated from operations</b>	<b>1195.86</b>	<b>1713.31</b>
Income taxes paid, net	(17.62)	(108.47)
<b>Net cash from/(used in) operating activities</b>	<b>1178.24</b>	<b>1604.84</b>
<b>(B) Cash flows from investing activities</b>		
Purchase of property, plant and equipment and changes in CWIP	(380.44)	(66.12)
Proceeds from sale of property, plant and equipment	191.45	4.88
Interest income	14.45	23.58
<b>Net cash from / (used in) investing activities</b>	<b>(174.54)</b>	<b>(37.66)</b>
<b>(C) Cash flows from financing activities</b>		
Proceeds from Non-current borrowings	895.83	260.00
Repayment of Non-current borrowings	(1090.90)	(337.79)
(Repayment) / Proceeds from Current borrowings (Net)	137.41	(1414.76)
Principal payments of Lease Liabilities	(71.59)	(123.86)
Interest expense (including lease liabilities)	(462.27)	(568.10)
Dividend paid	(186.02)	(224.26)
<b>Net cash generated in financing activities</b>	<b>(777.54)</b>	<b>(2408.77)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>226.16</b>	<b>(841.59)</b>
Add: cash and cash equivalents at the beginning of the year	(1109.78)	(324.71)
Effect of exchange gain on cash and cash equivalents	20.36	56.52
<b>Cash and cash equivalents at the end of the year (refer note. 10.1)</b>	<b>(863.26)</b>	<b>(1109.78)</b>

In terms of our report attached

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

**Manoj Kumar Bihani**  
Partner  
Membership No. 234629

Place : Hyderabad  
Date : 21st June, 2021

For and on behalf of Board of Directors

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

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

**M Viswanatha Reddy**  
Chief Financial Officer

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

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

**Babita Chandrakar**  
Company Secretary

# Notes to Standalone Financial Statements

## 1 Corporate information

The standalone financial statements comprise financial statements of Pokarna Limited (the “Company”) for the year ended 31st March, 2021. The Company is a public company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Company is located at 105, Surya Towers, SP Road, Secunderabad – 500003, Telangana, India. The company is principally engaged in the business of quarrying, manufacturing & processing and selling of Granite & manufacturing and selling of Apparel under the brand name ‘Stanza’. Granite manufacturing & processing units are 100% EOU’s.

## 2 Basis of preparation, measurement and significant accounting policies

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

Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

### 2.1 Basis of preparation and measurement

#### (a) Basis of preparation

The financial statements are prepared in accordance with and in compliance, in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read along with Companies (Indian Accounting Standards) Rules, as amended and other relevant provisions of the Act. The presentation of the Financial Statements is based on Ind AS Schedule III of the Companies Act, 2013.

#### (b) Basis of measurement

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated. All assets and liabilities are classified into current and non-current generally based on the criteria of realisation/settlement within a twelve month period from the balance sheet date.

### 2.2 Key accounting judgement, estimates and assumptions :

The preparation of the financial statements requires management to exercise judgment and to make estimates and assumptions. These estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from

these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affect only that period, or in the period of the revision and future periods if the revision affects both current and future period.

### 2.3 Recent Accounting Developments

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021 and there is no impact on Financials.

### 2.4 Significant accounting policies

#### A Property, plant and equipment

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

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

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

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

#### B Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation or amortization is provided so as to write off, on a straight line basis, the cost of property, plant and equipment and other intangible assets,

# Notes to Standalone Financial Statements

including those held under finance leases to their residual value. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period, if shorter. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. No further charge is provided in respect of assets that are fully written down but are still in use.

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

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

Freehold land is not depreciated.

## C Intangible assets

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

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

- (a) Developmental stripping costs and
- (b) Production stripping costs

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

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

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

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

- (ii) The Company can identify the component of the mine for which access has been improved and
- (iii) The costs relating to the improved access to that component can be measured reliably

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

## D Provision for decommissioning, site restoration and environmental costs

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

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

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

## E Impairment

### (i) Financial assets (including receivables)

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

# Notes to Standalone Financial Statements

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

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

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

## (ii) Non-financial assets :

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

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

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

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit

and loss. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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

## F Leases

### (i) As a Lessee

The Company has adopted Ind AS 116-Leases effective 1st April, 2020, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2020). Accordingly, previous period information has not been restated. The Company's lease asset classes primarily consist of leases for Land and Buildings, Retail Outlets, Vehicles and Plant & Machinery. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months



# Notes to Standalone Financial Statements

or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## (ii) As a Lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

## G Financial instruments

### (i) Financial assets

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

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

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

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

### Investment in subsidiaries:

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

### (ii) Financial liabilities

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

# Notes to Standalone Financial Statements

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

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

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

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

## H Cash and bank balances:

### Cash and bank balances consist of:

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

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

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

## I Employee benefits

### (i) Short term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid towards bonus if the Company has

a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### (ii) Post -employment benefits:

#### Defined contribution plans:

##### Provident Fund

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

##### Employee state Insurance Scheme

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

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

#### Defined benefit plans:

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

# Notes to Standalone Financial Statements

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

## Other long-term employee benefits

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

Company uses updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

## J Inventories

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

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

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

## K Provisions, contingent liabilities and contingent assets

### Provisions

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

### Contingent liabilities

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

### Contingent assets

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

# Notes to Standalone Financial Statements

## L Government grants

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

## M Non-current assets held for sale

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

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

## N Income taxes

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

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

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

Deferred tax assets are recognized and carried forward only if it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured using the enacted (or substantively enacted) tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Company determines the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

## O Revenue

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized when the performance obligations under contract are fulfilled and there are no unfulfilled obligations and amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company.

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

**Goods Sold:** Revenue from sale of goods are recognized when controls of the product are transferred in accordance with the terms of sale, and there is no unfulfilled obligation that could affect the customers' acceptance of the products and is net of trade discounts, sales returns, where applicable. accordingly export and domestic revenue is recognized when the performance obligations in our contracts are fulfilled.

# Notes to Standalone Financial Statements

**Rendering of services:** Revenue recognition is based on the terms and conditions as per the contracts entered into / understanding with the customers and the service is performed and there are no unfulfilled obligations. All revenues from services, as rendered, are recognised when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives, discounts based on the terms of the contract and applicable indirect taxes.

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

**Interest income** is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

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

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

## Expenditure

Expenditure is accounted on accrual basis.

## P Foreign currency

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

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

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

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are

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

The transactions like receipt or payment of advance consideration in a foreign currency are translated at the rates on the date of transaction. The date of transaction for the purpose of determining exchange rate is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

## Q Finance income and finance cost

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

Finance costs comprise interest expense on borrowings and lease liabilities, unwinding of the discount on provisions, impairment losses recognized on financial assets, interest expense and penalties related to income tax.

## R Earnings per share

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

## S Segment reporting

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

# Notes to Standalone Financial Statements

## **T Borrowing costs**

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

## **U Dividend declared**

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

## **V Exceptional Items**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. These are material items of income or expense that have to be shown separately due to their nature or incidence.



# Notes to Standalone Financial Statements

## 3. Property, plant and equipment & Intangible assets

Particulars	As at March 31, 2021	As at March 31, 2020
(₹ in Lakhs)		
<b>Property, plant and equipment</b>		
A. Owned Assets	8372.88	9010.61
B. ROU Leased Assets	295.33	526.29
<b>Total</b>	<b>8668.21</b>	<b>9536.90</b>
<b>Owned – Intangible assets</b>	<b>48.70</b>	<b>53.01</b>

### A. Owned Assets

Particulars	Property, plant and equipment						Intangible assets				
	Land	Buildings	Factory & quarry buildings	Plant & machinery	Vehicles	Furniture & fixtures	Office equipment	Total of property, plant and equipment	Trade marks & brand name	Stripping cost activity asset	Total of Intangible assets
(₹ in Lakhs)											
<b>1. Deemed cost (Gross carrying amount)</b>											
Balance as at 1st April 2019	673.89	58.07	3476.16	15680.46	880.54	701.44	435.10	21905.66	382.80	65.95	448.75
Additions	2.88	–	–	43.01	4.46	–	0.73	51.08	–	–	–
Disposals/ transfer	–	–	–	(7.69)	(20.58)	(37.92)	–	(66.19)	–	–	–
<b>Balance as at 31st March 2020</b>	<b>676.77</b>	<b>58.07</b>	<b>3476.16</b>	<b>15715.78</b>	<b>864.42</b>	<b>663.52</b>	<b>435.83</b>	<b>21890.55</b>	<b>382.80</b>	<b>65.95</b>	<b>448.75</b>
Balance as at 1st April 2020	676.77	58.07	3476.16	15715.78	864.42	663.52	435.83	21890.55	382.80	65.95	448.75
Additions	–	–	289.24	171.20	18.96	–	6.44	485.84	–	–	–
Disposals/ transfer	(0.60)	–	–	(470.32)	(51.55)	(55.45)	–	(577.92)	–	–	–
<b>Balance as at 31st March 2021</b>	<b>676.17</b>	<b>58.07</b>	<b>3765.40</b>	<b>15416.66</b>	<b>831.83</b>	<b>608.07</b>	<b>442.27</b>	<b>21798.47</b>	<b>382.80</b>	<b>65.95</b>	<b>448.75</b>
<b>2. Accumulated Depreciation</b>											
Balance as at 1st April 2019	–	39.23	1323.82	9191.70	489.43	496.08	362.20	11902.46	382.80	8.63	391.43
Depreciation/ amortisation for the year	–	1.02	122.16	766.45	79.62	33.14	26.16	1028.55	–	4.31	4.31
Disposals/ transfers	–	–	–	(6.94)	(17.23)	(26.90)	–	(51.07)	–	–	–
<b>Balance as at 31st March 2020</b>	<b>–</b>	<b>40.25</b>	<b>1445.98</b>	<b>9951.21</b>	<b>551.82</b>	<b>502.32</b>	<b>388.36</b>	<b>12879.94</b>	<b>382.80</b>	<b>12.94</b>	<b>395.74</b>
Balance as at 1st April 2020	–	40.25	1445.98	9951.21	551.82	502.32	388.36	12879.94	382.80	12.94	395.74
Depreciation/ amortisation for the year	–	1.01	104.84	672.42	74.90	23.68	16.01	892.86	–	4.31	4.31
Disposals/ transfers	–	–	–	(276.76)	(48.63)	(21.82)	–	(347.21)	–	–	–
<b>Balance as at 31st March 2021</b>	<b>–</b>	<b>41.26</b>	<b>1550.82</b>	<b>10346.87</b>	<b>578.09</b>	<b>504.18</b>	<b>404.37</b>	<b>13425.59</b>	<b>382.80</b>	<b>17.25</b>	<b>400.05</b>
<b>3. Carrying amount (net)</b>											
At 31st March 2020	676.77	17.82	2030.18	5764.57	312.60	161.20	47.47	9010.61	–	53.01	53.01
<b>At 31st March 2021</b>	<b>676.17</b>	<b>16.81</b>	<b>2214.58</b>	<b>5069.79</b>	<b>253.74</b>	<b>103.89</b>	<b>37.90</b>	<b>8372.88</b>	<b>–</b>	<b>48.70</b>	<b>48.70</b>

# Notes to Standalone Financial Statements

## 3. Property, plant and equipment & Intangible assets (Contd..)

3.1) Capital work-in-progress ₹128.32 lakhs (previous year ₹233.72 lakhs)

3.2) Some of the assets acquired out of finance are under Hypothecation.

3.3) Details of security of property, plant and equipment subject to charge to secured borrowings – refer note. 15.1

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

3.5) Land includes ₹44.22 lakhs (previous year ₹44.22 lakhs) admeasuring 41.94 acres ( previous year 41.94 acres) for which title/conveyance deeds are pending for execution in favour of company.

### B.ROU Leased Assets \*

		(₹ in Lakhs)
Particulars		Buildings
<b>1. Deemed cost (Gross carrying amount)</b>		
Balance as at 1st April 2019		–
Addition on account of transitions to Ind AS 116 -1st April, 2019		1134.95
Disposals/ transfer		(472.81)
<b>Balance as at 31st March 2020</b>		<b>662.14</b>
Balance as at 1st April 2020		662.14
Additions		36.12
Disposals/ transfer		(214.23)
<b>Balance as at 31st March 2021</b>		<b>484.03</b>
<b>2. Accumulated Depreciation</b>		
Balance as at 1st April 2019		–
Depreciation/ amortisation for the year		189.67
Disposals/ transfers		(53.82)
<b>Balance as at 31st March 2020</b>		<b>135.85</b>
Balance as at 1st April 2020		135.85
Depreciation/ amortisation for the year		116.48
Disposals/ transfers		(63.63)
<b>Balance as at 31st March 2021</b>		<b>188.70</b>
<b>3. Carrying amount (net)</b>		
At 31st March 2020		526.29
<b>At 31st March 2021</b>		<b>295.33</b>

\*refer note. 40

## 4 Investments

		(₹ in Lakhs)
Particulars	As at March 31, 2021	As at March 31, 2020
Trade - unquoted		
Non-current - at cost		
In subsidiary companies -		
<b>Equity shares of Pokarna Engineered Stone Limited</b>		
100000 (previous year 100000) Equity Shares of ₹10/- each	10.00	10.00
4070584 (previous year 4070584) Equity Shares of ₹10/-each (at a premium of ₹140/-)	6105.88	6105.88
<b>Total</b>	<b>6115.88</b>	<b>6115.88</b>

**4.1 Investment in equity shares :** 51% of investment in equity shares are pledged to bankers against the borrowings by the subsidiary – Pokarna Engineered Stone Limited

# Notes to Standalone Financial Statements

## 5 Loans

### A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Loan receivables considered good -unsecured		
Security deposit	290.08	328.41
Other loans	128.35	128.35
<b>Total</b>	<b>418.43</b>	<b>456.76</b>

5.1 Security deposit includes ₹84.40 lakhs (previous year ₹86.10 lakhs) pledged to mines & geology and other departments.

### B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Loan receivables considered good -unsecured		
Other loans	372.44	128.37
Loans to employees	0.51	0.60
<b>Total</b>	<b>372.95</b>	<b>128.97</b>

## 6 Other financial assets

### A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Deposits with maturity for more than 12 months		
Margin money given against a bank guarantee/letter of credit	1.72	3.80
Interest accrued on fixed deposits	0.13	0.37
<b>Total</b>	<b>1.85</b>	<b>4.17</b>

### B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Interest accrued on fixed deposits	2.82	5.38
<b>Total</b>	<b>2.82</b>	<b>5.38</b>

## 7 Other assets

### A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Capital advances	2.19	14.77
Defer lease rentals	11.63	24.35
<b>Total</b>	<b>13.82</b>	<b>39.12</b>

# Notes to Standalone Financial Statements

## 7 Other assets (Contd..)

### B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Indirect taxes receivable	246.49	216.04
Advance to suppliers	328.32	220.09
Prepaid expenses	105.77	58.44
<b>Total</b>	<b>680.58</b>	<b>494.57</b>

## 8 Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	867.57	691.50
Work-in-progress	67.82	75.21
Finished goods	2016.54	2054.65
Traded goods	23.03	31.67
Consumables, stores & spares	395.93	304.77
Packing material	32.34	27.16
<b>Total</b>	<b>3403.23</b>	<b>3184.96</b>
<b>Details of materials in transit included in inventories above</b>		
Raw materials	10.12	—
Consumables, stores & spares	0.53	3.32

## 9 Trade receivables

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Considered good –secured	—	—
Considered good –unsecured	1109.45	770.96
Which have significant increase in credit risk	153.85	153.85
Credit impaired	—	—
Allowance for credit losses	(153.85)	(153.85)
<b>Total</b>	<b>1109.45</b>	<b>770.96</b>

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

## 10 Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash in hand	5.15	7.39
<b>Balances with banks:</b>		
On current accounts	280.83	59.26
<b>Total</b>	<b>285.98</b>	<b>66.65</b>

# Notes to Standalone Financial Statements

## 10 Cash and cash equivalents (Contd..)

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

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents	285.98	66.65
Less: Cash credit [refer note. 15(B)]	(1149.24)	(1176.43)
<b>Total</b>	<b>(863.26)</b>	<b>(1109.78)</b>

## 11 Other bank balances

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Margin money given against a bank guarantee/letter of credit with maturity for more than 3 months but less than 12 months	71.95	137.21
In unpaid dividend account	12.75	11.41
<b>Total</b>	<b>84.70</b>	<b>148.62</b>

## 12 Current tax assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Tax refundable	7.15	15.20
<b>Total</b>	<b>7.15</b>	<b>15.20</b>

## 13 Share capital

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorized:</b>		
10,00,00,000 (previous year 10,00,00,000)		
Equity Shares of ₹2/- each (₹2/-) par value	2000.00	2000.00
<b>Issued, Subscribed and fully paid-up:</b>		
3,10,04,000 (previous year 3,10,04,000)		
Equity Shares of ₹2/- each (₹2/-) fully paid-up	620.08	620.08
<b>Total</b>	<b>620.08</b>	<b>620.08</b>

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

(₹ in Lakhs)

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

# Notes to Standalone Financial Statements

## 13 Share capital (Contd..)

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

The company has only one class of equity shares having a par value of ₹2/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% holding	No. of shares	% holding
<b>Equity shares of ₹2 /- each fully paid</b>				
Gautam Chand Jain	14187045	45.76	14187045	45.76
Nippon Life India Trustee Ltd.,A/c -Nippon India Small Cap Fund	2088525	6.74	—	—
Reliance Capital Trustee Ltd .,A/c- Nippon India Small Cap Fund	—	—	1637530	5.29

## 14 Other equity

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Securities Premium</b>	73.96	73.96
<b>General reserve</b>	980.36	980.36
<b>Net surplus in the statement of Profit and Loss</b>		
Opening balance	11329.46	12034.42
Add: Profit for the year	28.50	(480.71)
	<b>11357.96</b>	<b>11553.71</b>
Less: Dividend paid	186.02	186.02
Tax on dividend	—	38.23
	<b>11171.94</b>	<b>11329.46</b>
<b>Other comprehensive income</b>		
Opening balance	150.62	139.31
Movement in OCI (net) during the year	20.32	11.31
	<b>170.94</b>	<b>150.62</b>
<b>Total</b>	<b>12397.20</b>	<b>12534.40</b>

## 15 Borrowings

### A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Secured loans - From banks (refer note. 15.1)</b>		
Term loans in Indian rupees	51.66	17.54
Term loans in Foreign currency	888.70	1278.48
<b>Secured loans - From others (refer note. 15.1)</b>		
Term loans in Indian rupees	—	8.85
<b>Unsecured loans</b>		
<b>Loans &amp; advances from related parties</b>		
Loans from directors	1071.85	997.03
<b>Total</b>	<b>2012.21</b>	<b>2301.90</b>



# Notes to Standalone Financial Statements

## 15 Borrowings (Contd..)

### B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Secured loans - From banks</b>		
Working capital Loans - repayable on demand (refer note. 15.1)		
Cash Credit Facilities in Indian rupees	1149.24	1176.43
Packing Credit Loans in Foreign currency	865.46	1002.77
Bill Discounting facilities in Foreign currency	294.11	218.76
<b>Total</b>	<b>2308.81</b>	<b>2397.96</b>

**15.1** Term loans in Foreign currency of ₹1244.18 lakhs, Term loan in Indian rupees of ₹245.55 lakhs & working capital facilities of ₹2308.81 lakhs from Union Bank of India are secured by hypothecation of first charge on all immovable and movable properties including machineries, current assets such as inventories, book debts and other receivables of the company, both present and future and personal properties of some of the directors and guarantees of the Directors (other than independent directors).

Cash credit facility in Indian rupees carries interest @ 11.45%, Packing credit loans in foreign currency carries interest @ 2.35% and Bill discounting facilities in Foreign currency carries interest @ 2.36%.

Term loans in Indian rupees of ₹62.39 lakhs are for purchase of assets, secured by hypothecation of respective assets and personal guarantee of the Directors (other than Independent directors).

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

(₹ in Lakhs)

Particulars	2021-22	2022-23	2023-24	2024-25
<b>Term loans in Foreign currency</b>				
Rate of interest - Libor plus 471 bps- 4.96%	355.48	355.48	355.48	177.74
<b>Term loans in Indian rupees</b>				
Rate of interest - 6% to 9.02%	256.28	41.89	9.77	

The Maturity profile of term loans availed from the banks has been recomputed as per regulatory package given by RBI vide circular dated 27th March 2020 including interest for the period from March to August 2020.

## 16 Other financial liabilities

### A. Non-Current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability (refer note. 40)	255.72	436.36
<b>Total</b>	<b>255.72</b>	<b>436.36</b>

### B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current maturities of long term borrowings:		
Secured - From banks (refer note.15.1)	602.89	321.29
Secured - From others (refer note.15.1)	8.87	9.24
Unpaid dividend	12.75	11.41
Lease liability (refer note. 40)	96.65	126.57
<b>Total</b>	<b>721.16</b>	<b>468.51</b>

# Notes to Standalone Financial Statements

## 17 Provisions

### A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>For employee benefits</b>		
Gratuity (refer note. 26(1a))	298.27	254.72
Compensated absence (refer note. 26(1b))	47.12	42.96
<b>Others</b>		
Restoration liability	30.31	27.74
<b>Total</b>	<b>375.70</b>	<b>325.42</b>

### B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>For employee benefits</b>		
Gratuity (refer note. 26(1a))	23.02	21.57
Compensated absence (refer note. 26(1b))	1.76	1.71
<b>Total</b>	<b>24.78</b>	<b>23.28</b>

## 18 Deferred tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred Tax Liabilities</b>		
Property, plant & equipment	475.01	539.83
	<b>475.01</b>	<b>539.83</b>
<b>Deferred Tax Asset</b>		
Receivables	38.72	38.72
Provisions	183.19	245.77
	<b>221.91</b>	<b>284.49</b>
<b>Total</b>	<b>253.10</b>	<b>255.34</b>

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
At the start of the year	255.34	568.46
Charge/ (Credit) to statement of P&L	(2.24)	(313.12)
<b>At the end of the year</b>	<b>253.10</b>	<b>255.34</b>

### Component of Deferred tax liabilities/(asset)

(₹ in Lakhs)

Deferred tax liabilities/(asset) in relation to:	As at March 31, 2020	Charge/(credit) to profit or loss	As at March 31, 2021
Property, plant and equipment	539.83	(64.82)	475.01
Provisions	(245.77)	62.58	(183.19)
Receivables	(38.72)	—	(38.72)
<b>Total</b>	<b>255.34</b>	<b>(2.24)</b>	<b>253.10</b>

# Notes to Standalone Financial Statements

## 19 Other liabilities

### current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance received from customers	911.62	286.76
Creditors for capital expenditure	3.24	9.62
Statutory liabilities	46.11	45.56
Other liabilities	715.01	638.56
<b>Total</b>	<b>1675.98</b>	<b>980.50</b>

## 20 Trade payables

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a) total outstanding dues of micro enterprises and small enterprises	20.40	13.34
b) total outstanding dues of creditors other than micro enterprises and small enterprises	628.91	897.78
<b>Total</b>	<b>649.31</b>	<b>911.12</b>

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

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end	-	12.43
b) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	1.80	3.36
c) Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	43.69	15.16
d) Interest paid, under section 16 of MSMED Act, to suppliers registered under the Act, beyond the appointed day during the year	2.90	-
e) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	1.80	1.23
f) Interest accrued and remaining unpaid at the end of accounting year	1.80	1.64
g) Further interest remaining due and payable for earlier years	-	1.72

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

## 21 Current tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for income tax	73.69	-
Less: Advance tax	25.67	-
<b>Total</b>	<b>48.02</b>	<b>-</b>

# Notes to Standalone Financial Statements

## 22 Revenue from operations

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sale of products	7652.25	7640.37
Sale of services	41.16	89.43
<b>Total</b>	<b>7693.41</b>	<b>7729.80</b>

## 23 Other income

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest income on		
Bank deposits	4.37	9.69
Others	10.08	13.89
Commission income	0.26	3.23
Scrap sales	21.76	17.95
Insurance claim	0.68	—
Gain on modification of lease	24.48	29.17
Sundry credit balances written back	13.60	—
Profit on sale of property, plant & equipment	5.40	0.78
Rent & Hire charges received	6.00	8.21
Exchange Gain (net)	137.00	—
Miscellaneous income	0.43	0.42
<b>Total</b>	<b>224.06</b>	<b>83.34</b>

## 24 Cost of raw material consumed

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening stock	691.49	734.16
Add: Purchases	745.04	880.87
	<b>1436.53</b>	<b>1615.03</b>
Less: Closing stock	867.57	691.49
<b>Total</b>	<b>568.96</b>	<b>923.54</b>

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Inventories at the beginning of the year</b>		
Finished goods	2054.65	1537.43
Work-in-progress	75.21	131.39
Stock-in-trade	31.67	39.43
	<b>2161.53</b>	<b>1708.25</b>
<b>Inventories at the end of the year</b>		
Finished goods	2016.54	2054.65
Work-in-progress	67.82	75.21
Stock-in-trade	23.03	31.67
	<b>2107.39</b>	<b>2161.53</b>
<b>Total</b>	<b>54.14</b>	<b>(453.28)</b>

# Notes to Standalone Financial Statements

## 26 Employee benefits expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages, bonus & allowances	1497.36	1836.29
Contribution to provident fund and other funds	121.97	127.51
Retirement benefits	85.97	109.16
Staff welfare expense	78.59	120.96
<b>Total</b>	<b>1783.89</b>	<b>2193.92</b>

### 26.1 Employee benefits:

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Defined contribution plan</b>		
Employer's contribution to provident fund	117.53	113.48

### Defined benefit plan

The employees' gratuity fund scheme managed by a trust (Funded with Life Insurance Corporation of India for Granite Division of the company) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for compensated absence is recognized in the same manner as gratuity.

#### a) Retiring gratuity:

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Change in defined benefit obligations:</b>		
Obligation at the beginning of the year	431.65	402.65
Current service costs	42.16	43.05
Interest costs	28.57	29.89
Remeasurement (gain)/losses	(5.78)	(1.94)
Benefit paid	(37.03)	(42.00)
<b>Obligation at the end of the year</b>	<b>459.57</b>	<b>431.65</b>

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Change in plan assets:</b>		
Fair value of plan assets at the beginning of the year	155.36	195.28
Interest income	11.08	15.74
Return on Plan assets excluding net interest	0.75	(15.63)
Employers' contributions	8.12	1.97
Benefits paid	(37.02)	(42.00)
<b>Fair value of plan assets at the end of the year</b>	<b>138.29</b>	<b>155.36</b>

# Notes to Standalone Financial Statements

## 26 Employee benefits expense (Contd..)

Amounts recognised in the balance sheet consists of:

(₹ in Lakhs)		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Fair value of plan assets	(138.29)	(155.36)
Present value of obligation	459.57	431.65
	<b>321.28</b>	<b>276.29</b>
<b>Recognised as:</b>		
Retirement benefit liability - Current	23.02	21.57
Retirement benefit liability - Non-current	298.27	254.72

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

(₹ in Lakhs)		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Employee benefits expenses:</b>		
Current service costs	42.16	43.05
Interest costs	17.49	14.15
Past service cost		24.35
	<b>59.65</b>	<b>81.55</b>
<b>Other comprehensive income:</b>		
(Gain)/loss on plan assets	(0.75)	15.63
Actuarial (gain)/loss arising from changes in demographic Assumption	—	—
Actuarial (gain)/loss arising from changes in financial assumption	22.03	32.56
Actuarial (gain)/loss arising from changes in experience adjustments	(27.80)	(34.50)
	<b>(6.52)</b>	<b>13.69</b>
<b>Expenses recognised in the statement of profit and loss</b>	<b>53.13</b>	<b>95.24</b>

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

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate (per annum)	6.42%	6.74%
Rate of escalation in salary (per annum)	8.00%	8.00%

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

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

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

As at March 31, 2021

(₹ in Lakhs)		
Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹507.36 lakhs, increase by ₹418.39 lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹505.00 lakhs, decrease by ₹419.55 lakhs



# Notes to Standalone Financial Statements

## 26 Employee benefits expense (Contd..)

As at March 31, 2020

(₹ in Lakhs)

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹478.91 lakhs, increase by ₹391.14 lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹476.72 lakhs, decrease by ₹392.27 lakhs

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

### b) Compensated absence:

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Change in defined benefit obligations:</b>		
Obligation at the beginning of the year	44.67	47.24
Current service costs	23.35	19.26
Interest costs	2.97	3.49
Remeasurement (gain)/losses	(20.63)	(18.42)
Benefit paid	(1.48)	(6.90)
<b>Obligation at the end of the year</b>	<b>48.88</b>	<b>44.67</b>

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Change in plan assets:</b>		
Fair value of plan assets at the beginning of the year		
Interest income		
Remeasurement gain/(losses)		
Employers' contributions	1.49	6.90
Benefits paid	(1.49)	(6.90)
<b>Fair value of plan assets at the end of the year</b>	<b>—</b>	<b>—</b>

### Amounts recognised in the balance sheet consists of:

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value of plan assets	—	—
Short term compensated absence liability		
Present value of obligation	48.88	44.67
	<b>48.88</b>	<b>44.67</b>
<b>Recognised as:</b>		
Retirement benefit liability - Current	1.76	1.71
Retirement benefit liability - Non-current	47.12	42.96

# Notes to Standalone Financial Statements

## 26 Employee benefits expense (Contd..)

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Employee benefits expenses:</b>		
Current service costs	23.35	19.26
Interest costs	2.97	3.49
Past Service cost	—	4.86
	<b>26.32</b>	<b>27.61</b>
<b>Other comprehensive income:</b>		
(Gain)/loss on plan assets	—	—
Actuarial (gain)/loss arising from changes in demographic Assumption	—	(0.66)
Actuarial (gain)/loss arising from changes in financial assumption	2.10	3.40
Actuarial (gain)/loss arising from changes in experience adjustments	(22.73)	(21.16)
	<b>(20.63)</b>	<b>(18.42)</b>
<b>Expenses recognised in the statement of profit and loss</b>	<b>5.69</b>	<b>9.19</b>

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

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate (per annum)	6.42%	6.74%
Rate of escalation in salary (per annum)	8.00%	8.00%

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

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

As at March 31, 2021

(₹ in Lakhs)

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹53.84 lakhs, increase by ₹44.60 lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹53.65 lakhs, decrease by ₹44.69 lakhs

As at March 31, 2020

(₹ in Lakhs)

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹49.51 lakhs, increase by ₹40.53 lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹49.34 lakhs, decrease by ₹40.59 lakhs

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

## 27 Depreciation & Amortization expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on Property, plant & equipment (owned assets)	892.86	1028.55
Depreciation on Property, plant & equipment (leased assets) (refer note. 40)	116.48	189.67
Amortization on intangible assets	4.31	4.31
<b>Total</b>	<b>1013.65</b>	<b>1222.53</b>

# Notes to Standalone Financial Statements

## 28 Finance costs

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on borrowings:		
- Banks	275.50	333.81
- Others	118.16	109.22
Interest expense on lease liability (refer note. 40)	55.03	122.57
Interest on taxes / duties	13.58	2.50
<b>Total</b>	<b>462.27</b>	<b>568.10</b>

## 29 Other expenses

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores & spares	711.30	738.21
Packing material	88.66	93.71
Processing & job work exp.	134.01	137.40
Power and fuel	862.25	987.68
Repairs and maintenance:		
- Plant and machinery	62.61	43.51
- Building	2.23	0.18
- Others	19.69	25.91
Cutter and driller charges	239.63	251.83
Rent (refer note. 40)	25.66	15.90
Deferred lease expense written off	4.30	7.40
Rates and taxes	32.95	25.52
Insurance	51.67	74.98
Communication charges	27.10	31.97
Printing & stationery	10.95	16.81
Travelling & conveyance expenses	6.96	72.43
Electricity charges	17.94	33.59
Vehicle maintenance	60.57	65.58
Auditors remuneration	9.03	8.99
Advertisement	5.92	21.64
Professional & consultancy	70.76	103.79
Directors sitting fees	10.00	9.00
Donations	18.44	1.04
CSR activity expenses	193.29	—
Fees & subscriptions	17.36	18.49
Government royalty and dead rent	687.33	424.66
Sundry debit balances written off	0.13	—
Carriage outwards	342.31	383.27
Sales commission	12.22	7.36
Discounts and claims	23.52	42.71
Business promotion expenses	8.68	21.23
Sales tax	—	1.10
Impairment / loss on sale of PPE	44.65	11.02
Bank charges	10.11	21.35
Exchange Loss (Net)	—	139.95
Miscellaneous expenses	70.81	31.22
<b>Total</b>	<b>3883.04</b>	<b>3869.43</b>

# Notes to Standalone Financial Statements

## 29 Other expenses (Contd..)

### 29.1 - Auditors remuneration

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Statutory audit	7.50	7.50
Certification	1.41	1.25
Out of pocket expenses	0.12	0.24

### 29.2 - Corporate social responsibility (CSR)

Corporate social responsibility (CSR) as per section 135 of the Companies Act, 2013, the Company is required to spend ₹15.72 lakhs (till March 31, 2020 is ₹177.57 lakhs), being 2% of the average net profits during the three immediately preceding financial years, towards CSR activity. The Company has made a contribution of ₹5.00 lakhs (March 31, 2020 ₹Nil) to facilitate health, education and environmental sustainability. Company has recognised an amount of ₹188.29 lakhs towards CSR expenses in the statement of Profit & Loss.

#### Unspent amount on CSR

(₹ in Lakhs)

Particulars	Year ended March 31, 2021
As on 01.04.2020	177.57
Amount deposited in specified fund withing six months	—
Amount required to be spent during the year	15.72
Amount spent during the year	(5.00)
<b>Closing balance</b>	<b>188.29</b>

#### Details of ongoing Project

(₹ in Lakhs)

	With Company	In Separate CSR unspent A/c
Particulars	Year ended March 31, 2021	Year ended March 31, 2021
As on 01.04.2020	177.57	—
Amount required to be spent during the year	15.72	—
Amount spent during the year	(5.00)	—
<b>Closing balance</b>	<b>188.29</b>	<b>—</b>

## 30 Income taxes

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax	73.69	—
Deferred tax	(9.07)	(306.54)
Deferred tax on comprehensive income	6.83	(6.58)
Tax in respect of earlier years	—	10.40
<b>Total</b>	<b>71.45</b>	<b>(302.72)</b>

# Notes to Standalone Financial Statements

## 30 Income taxes (Contd..)

### B) Reconciliation of income tax expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit / (loss) before tax	93.12	(776.85)
Other comprehensive Income	27.15	4.73
Effective tax rate	25.168%	25.168%
<b>Computed effective tax expense</b>	<b>30.27</b>	<b>(194.33)</b>
<b>Tax effect of:</b>		
Expenses disallowed	355.58	412.34
Allowable items from IT act	(243.67)	(286.19)
Setoff against carryover losses	(68.80)	—
Long term capital gain	0.31	—
<b>Current tax provision (A)</b>	<b>73.69</b>	<b>(68.18)</b>
Incremental deferred tax liability on account of PPE and intangible assets	(64.82)	(182.96)
Incremental deferred tax asset on account of financial assets and other items	62.58	(61.98)
<b>Deferred tax provision (B)</b>	<b>(2.24)</b>	<b>(244.94)</b>
<b>Tax expense recognised in the statement of profit and loss (A+B)</b>	<b>71.45</b>	<b>(313.12)</b>
<b>Effective tax rate</b>	<b>59.41%</b>	<b>40.55%</b>

**Note:** As per section 115BAA of Income Tax Act 1961, domestic companies have an option to pay Corporate income tax rate at 22% plus applicable surcharge and cess ("New tax rate") subject to certain conditions.

The Company has made an assessment of the impact of the reduced tax rate under section 115BAA of Income Tax Act 1961 and decided to opt new tax rate. Further, Ind-AS 12 requires deferred tax assets and liabilities to be measured using the enacted (or substantively enacted) tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse. Accordingly, the Company has re-measured the outstanding deferred tax balances that is expected to be reversed in future at New tax rate.

## 31 Earnings per share (EPS)

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(i) Face value of equity share (in ₹)	2.00	2.00
(ii) Weighted average number of equity shares outstanding	31004000	31004000
(iii) Profit for the year	28.50	(480.71)
(iv) Weighted average earnings per share (basic and diluted) (in ₹)	0.09	(1.55)

## 32 Related party disclosures :

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

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

### a) Enterprises where control exists:

Pokarna Engineered Stone Limited – wholly owned subsidiary

### b) Names of the associates:

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

### c) Names of Key management personnel

Gautam Chand Jain, Rahul Jain, Vishwanath Reddy

### d) Names of relatives

Raaj Kumar Jain, Ashok Chand Jain, Vidya Jain, Rekha Jain, Anju Jain, Ritu Jain, Pratik Jain, Neha Jain, Megha Jain, Nidhi Jain, Gautam Chand Jain (HUF), Prakash Chand Jain (HUF), Karvy Data Management Services Ltd

### e) Name of executive & non-executive director

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

# Notes to Standalone Financial Statements

## 32 Related party disclosures : (Contd..)

### A. Compensation of key management personnel of the company

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Short-term employee benefits	177.43	191.33
Post-employment pension, provident fund and medical benefits	0.65	0.68
Termination benefits*	—	—
<b>Total compensation paid to key management personnel</b>	<b>178.08</b>	<b>192.01</b>

\* Expenses towards gratuity and leave encashment provisions are determined actuarial on an overall Company basis and, accordingly, have not been considered in the above information.

### B. Transactions with KMP and other related parties 2020-21 (2019-20)

(₹ in Lakhs)

Nature of the transaction	Subsidiary	Key management personnel	Executive/ Non-executive directors	Associates/ other related parties	Relatives	Total
<b>Purchases</b>						
Goods and services, net	—	—	—	7.00	—	7.00
	—	—	—	(13.53)	—	(13.53)
<b>Sales</b>						
Goods and services, net	261.04	—	—	0.53	1.21	262.78
	(17.77)	—	—	(1.96)	—	(19.73)
Job work	—	—	—	0.24	—	0.24
	(1.20)	—	—	(4.10)	—	(5.30)
<b>Expenses</b>						
Remuneration	—	178.08	22.23	—	—	200.31
	—	(192.01)	(19.97)	—	—	(211.98)
Sitting fee & commission	—	—	10.00	—	—	10.00
	—	—	(9.00)	—	—	(9.00)
Rent & taxes	—	5.92	8.74	34.33	30.78	79.77
	—	(5.92)	(8.75)	(34.24)	(30.46)	(79.37)
Interest	—	88.62	24.78	—	—	113.40
	—	(42.61)	(57.93)	—	—	(100.54)
<b>Income</b>						
Rent / Hire Charges	7.08	—	—	—	—	7.08
	(7.28)	—	—	—	—	(7.28)
<b>Dividend</b>						
Dividend	—	88.11	2.64	—	14.67	105.42
	—	(88.12)	(2.64)	—	(14.66)	(105.42)
<b>Loans &amp; advances</b>						
Loans received	—	522.10	—	—	—	522.10
	—	(260.00)	—	—	—	(260.00)
<b>Carrying amount</b>						
Payables	—	1135.18	6.68	—	—	1141.86
	—	(525.34)	(525.77)	(55.54)	(56.37)	(1163.02)
Receivables	213.26	—	—	—	—	213.26
	—	—	—	—	—	—
Rent deposit - receivable	—	—	8.33	23.20	16.66	48.19
	—	—	(8.33)	(23.20)	(16.66)	(48.19)
Investments	6115.88	—	—	—	—	6115.88
	(6115.88)	—	—	—	—	(6115.88)



# Notes to Standalone Financial Statements

## 32 Related party disclosures : (Contd..)

Disclosure in respect of material transactions with KMP and other related parties during the year:

(₹ in Lakhs)

S. No	Particulars	Relationship	Year ended March 31, 2021	Year ended March 31, 2020
<b>1</b>	<b>Purchases</b>			
	<b>Goods and services, net</b>			
	Pokarna Fabrics Pvt Limited	Associate	6.82	9.37
	Pokarna Textiles	Associate	0.18	-
	Karvy Data Management Services Ltd	Related party	-	3.70
	Southend	Associate	-	0.38
	Southend Extension	Associate	-	0.02
	Pokarna Marketing Pvt Ltd	Associate	-	0.06
<b>2</b>	<b>Sales</b>			
	<b>Goods and services, net</b>			
	Pokarna Engineered Stone Limited	Subsidiary	261.04	17.77
	Pokarna Fashions Pvt Limited	Associate	0.27	-
	Pokarna Marketing Pvt Ltd	Associate	-	1.79
	Southend Extension	Associate	0.26	0.17
	Anju Jain	Relative	0.01	-
	Chaya Jain	Relative	0.14	-
	Pratik Jain	Relative	1.06	-
	<b>Job work</b>			
	Southend	Associate	-	0.47
	Pokarna Engineered Stone Limited	Subsidiary	-	1.20
	Southend Extension	Associate	0.03	1.60
	Pokarna Fashions Pvt Limited	Associate	-	0.17
	Pokarna Marketing Pvt Ltd	Associate	0.21	1.07
	Pokarna Fabrics Pvt Limited	Associate	-	0.79
<b>3</b>	<b>Expenses</b>			
	<b>Remuneration</b>			
	Rahul Jain	Key management personnel	110.23	120.23
	Apurva Jain	Executive Director	22.23	19.97
	Viswanatha Reddy	Key management personnel	63.64	64.12
	Mahesh Inani	Key management personnel	4.21	7.66
	<b>Sitting fee &amp; commission</b>			
	Prakash Chand Jain	Non-Executive Director	2.00	2.00
	Mahender Chand Chordia	Non-Executive Director	2.00	2.00
	Meka Yugandhar	Non-Executive Director	2.00	2.00
	T.V.Chowdary	Non-Executive Director	2.00	1.50
	Vinayak Rao Juvvadi	Non-Executive Director	1.50	1.50
	Jayshree Rajesh Sanghani	Non-Executive Director	0.50	-
	<b>Rent &amp; taxes</b>			
	Pokarna Fabrics Pvt Limited	Associate	34.33	34.24
	Gautam Chand Jain	Key management personnel	5.92	5.92
	Prakash Chand Jain	Non-Executive Director	8.74	8.75
	Vidya Jain	Relative	8.74	8.75
	Ritu Jain	Relative	14.27	14.25
	Pratik Jain	Relative	7.77	7.46
	<b>Interest</b>			
	Gautam Chand Jain	Key management personnel	88.62	41.93
	Rahul Jain	Key management personnel	-	0.68
	Prakash Chand Jain	Non-Executive Director	24.78	57.93

# Notes to Standalone Financial Statements

## 32 Related party disclosures : (Contd..)

(₹ in Lakhs)

S. No	Particulars	Relationship	Year ended March 31, 2021	Year ended March 31, 2020
	<b>Dividend</b>			
	Gautam Chand Jain	Key management personnel	85.12	85.12
	Vidya Jain	Relative	3.00	3.00
	Neha Jain	Relative	3.00	3.00
	Rahul Jain	Key management personnel	2.99	2.99
	Prakash Chand Jain	Non-Executive Director	2.64	2.64
	Anju Jain	Relative	2.64	2.64
	Raaj Kumar Jain	Relative	2.64	2.64
	Ashok Chand Jain	Relative	2.64	2.64
	Megha Jain	Relative	0.75	0.75
4	<b>Income</b>			
	<b>Rent Received</b>			
	Pokarna Engineered Stone Limited	Subsidiary	7.08	7.28
5	<b>Loans &amp; advances</b>			
	<b>Loans received</b>			
	Gautam Chand Jain	Key management personnel	522.10	260.00
6	<b>Carrying amount</b>			
	<b>Payables</b>			
	Pokarna Fabrics Pvt Limited	Associate	-	53.70
	Gautam Chand Jain	Key management personnel	1071.84	503.09
	Rahul Jain	Key management personnel	36.11	10.49
	Apurva Jain	Executive director	6.68	2.38
	Viswanatha Reddy	Key management personnel	27.23	7.98
	Mahesh Inani	Key management personnel	-	1.40
	Prakash Chand Jain	Non-Executive Director	-	513.98
	Nidhi Jain	Relative	-	5.86
	Neha Jain	Relative	-	16.44
	Vidya Jain	Relative	-	11.63
	Pratik Jain	Relative	-	9.70
	Ritu Jain	Relative	-	12.74
	Mahender Chand Chordia	Non-executive director	-	3.06
	Meka Yugandhar	Non-executive director	-	3.06
	T.V.Chowdary	Non-executive director	-	3.06
	Vinayak Rao Juvvadi	Non-executive director	-	2.61
	Karvy Data Management Services Ltd	Related party	-	1.84
	<b>Receivables</b>			
	Pokarna Engineered Stone Ltd	Subsidiary	213.26	-
	<b>Rent deposit receivable</b>			
	Pokarna Fabrics Pvt Limited	Associate	23.20	23.20
	Prakash Chand Jain	Non-executive director	8.33	8.33
	Vidya Jain	Relative	8.33	8.33
	Pratik Jain	Relative	8.33	8.33
7	<b>Investments</b>			
	Pokarna Engineered Stone Limited	Subsidiary	6115.88	6115.88

# Notes to Standalone Financial Statements

## 33 Contingent liabilities and commitments

### 33.1 Contingent liabilities:

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a) Letter of credits outstanding	40.17	14.55
b) Guarantees		
i) Corporate guarantees for loans taken by wholly owned subsidiary: On account of corporate guarantee to the bankers on behalf of subsidiary for the facilities availed by them.	10907.08	9711.47
ii) Other bank guarantees	0.60	2.53
c) Claims against the company / disputed liabilities not acknowledged as debts:		
i) Income tax matters, pending decisions on various appeals made by the company and by the department. Amount deposited ₹ 1.85 lakhs (previous year ₹ nil lakhs)	151.12	159.58
ii) Excise matters (including service tax), amount deposited ₹23.06 lakhs (previous year ₹5.57 lakhs)	396.39	396.34
iii) Customs matters, amount deposited ₹ nil lakhs (previous year ₹ nil lakhs)	75.91	75.91
iv) Sales tax matters, amount deposited ₹ 34.97 lakhs (previous year ₹ 34.97 lakhs)	266.05	266.05
v) Mines & geology matters, amount deposited ₹ Nil (previous year ₹ 8.17 lakhs)	1016.94	1106.81
vi) Cross subsidy charges payable to central power distribution company	52.53	52.53
vii) Cross subsidy charges payable to state power distribution company	10.91	10.91
viii) As per 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 decided not to implement it in view of the interim order dated 26th April, 2016 of Hon'ble Andhra Pradesh High Court allowing stay on the amendment with retrospective effect till the time its constitutional validity is established.	39.20	39.20
ix) Other matters disputed	177.28	177.28

### 33.2 Capital commitments

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	8.60	—

### 33.3 Other commitments:

- Granite processing units of the company situated at Aliabad and Toopronpet village are registered as a 100% export oriented units ("EOU"), and are exempted from customs and central excise duties, GST and levies on imported & indigenous capital goods and stores & spares. The company has executed a bond cum legal undertaking to pay customs duty, central excise duty, GST, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores & spares, consumed duty free, in the event that certain terms and conditions are not fulfilled. As on 31st March, 2021, the company has a positive net foreign exchange earning, as defined in the foreign trade policy 2009-2014 and 2015-2021 wherever applicable.
- Obligations towards environmental protection measures in respect of quarry leases ₹212.63 lakhs (previous year ₹164.63 lakhs)
- The company is also involved in other lawsuits, claims, investigations and proceedings, including trade mark and commercial matters, which arise in the ordinary course of business. However, there are no material claims on such cases.
- The date of implementation of the Code of Wages 2019 and Code on Social Security, 2020 is yet to be notified by the Government. The Company is in the process of assessing the impact of these Codes and will give effect in the financial results when the Rules/Schemes thereunder are notified.

**34** In accordance with IND AS-108 “Operating segment”, segment information has been given in the consolidated financial statements of Pokarna Limited and therefore no separate disclosure on segment information is given in these financial statements.

- i) The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital, which the company defines as result from operating activities divided by total shareholders' equity.
- ii) The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.
- iii) The company's adjusted net debt to equity ratio is as follows:

## 36 Financial instruments

## Accounting classifications and fair values

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

31st March 2021

122

# Notes to Standalone Financial Statements

## 36 Financial instruments (Contd..)

31st March 2020

(₹ in Lakhs)

Particulars	Carrying amount			Fair value		
	Other financial assets-amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>						
Security deposit	328.41	—	328.41	—	328.41	—
<b>Financial assets not measured at fair value</b>						
Investments	6115.88	—	6115.88	—	—	—
Other loans	257.32	—	257.32	—	—	—
Accrued interest	5.75	—	5.75	—	—	—
Trade receivables	770.96	—	770.96	—	—	—
Cash and bank balances	219.07	—	219.07	—	—	—
<b>Total</b>	<b>7697.39</b>	<b>—</b>	<b>7697.39</b>	<b>—</b>	<b>328.41</b>	<b>—</b>
<b>Financial liabilities measured at fair value</b>						
Lease liability	562.93	—	562.93	—	562.93	—
<b>Financial liabilities not measured at fair value</b>						
Secured bank loans	4015.27	—	4015.27	—	—	—
Secured other loans	18.09	—	18.09	—	—	—
Loans from related parties	997.03	—	997.03	—	—	—
Trade payables	911.12	—	911.12	—	—	—
Unpaid dividend	11.41	—	11.41	—	—	—
<b>Total</b>	<b>6515.85</b>	<b>—</b>	<b>6515.85</b>	<b>—</b>	<b>562.93</b>	<b>—</b>

The fair value of financial instruments is determined using discounted cash flow analysis. The carrying amount of current financial assets and liabilities are considered to be the same as their fair values, due to their short term nature. The fair value of the long-term borrowings with floating-rate of interest is not impacted due to interest rate changes, and will be evaluated for their carrying amounts based on any change in the under-lying credit risk of the Company borrowing (since the date of inception of the loans). For financial assets and liabilities that are measured at fair value, the carrying amount is equal to the fair values.

## 37 Financial risk management objectives and policies

### I. Overview

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

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

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

### II. Risk management framework:

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

# Notes to Standalone Financial Statements

## 37 Financial risk management objectives and policies (Contd..)

### • Credit risk

- i) Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customer.
- ii) **Trade and other receivables:** The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

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

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
Not due	95.28	111.34
Upto 1 year	896.87	505.48
1 to 2 years	66.81	92.27
2 to 3 years	219.70	106.34
More than 3 years	175.45	109.38
<b>Total</b>	<b>1454.11</b>	<b>924.81</b>

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

(₹ in Lakhs)		
Movements in allowance for credit losses of receivables is as below:	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	153.85	153.85
Charge in statement of profit and loss	—	—
Release to statement of profit and loss	—	—
Utilised during the year	—	—
Balance at the end of the year	153.85	153.85

- iii) **Cash and cash equivalents:** The company held cash and cash equivalents of ₹285.97 lakhs (previous year ₹66.65 lakhs). The cash and cash equivalents are held with public sector banks. There is no impairment on cash and cash equivalents as on the reporting date and the comparative period.
- iv) In respect of financial guarantees provided by the Company to banks and financial institutions, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

### • Liquidity risk

- i) Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.
- ii) The company aims to maintain the level of its cash and cash equivalents and investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The company also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities. This excludes potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disaster.



# Notes to Standalone Financial Statements

## 37 Financial risk management objectives and policies (Contd..)

### iii) Exposure to Liquidity risk

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

#### 31st March 2021

(₹ in Lakhs)				
Particulars	Carrying amount	1 year or less	1-3 years	More than 3 years
Borrowings- secured	3860.93	2950.18	770.13	140.62
Borrowings- un-secured	1071.85	—	—	1071.85
Trade payables	649.31	649.31	—	—
Other financial liabilities	365.12	111.68	170.45	82.99

#### 31st March 2020

(₹ in Lakhs)				
Particulars	Carrying amount	1 year or less	1-3 years	More than 3 years
Borrowings- secured	4033.36	2774.87	759.49	499.00
Borrowings- un-secured	997.03	—	—	997.03
Trade payables	911.12	911.12	—	—
Other financial liabilities	574.34	172.13	283.85	118.36

### • Market risk

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

(₹ in Lakhs)				
Particulars	As at March 31, 2021		As at March 31, 2020	
	USD	EURO	USD	EURO
Borrowings	2128.29	—	2556.98	—
Trade receivables	433.37	0.03	374.14	29.03
Trade and other payables ( including payable for capital goods)	39.16	129.82	70.74	35.70
Interest accrued but not due	—	—	—	—
Bank balances ( Including deposits)	136.24	84.27	9.60	38.50
<b>Total</b>	<b>2737.06</b>	<b>214.12</b>	<b>3011.46</b>	<b>103.23</b>

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

A 10% appreciation/depreciation of the foreign currencies with respect to functional currency of the Company would result in an increase/decrease in the Company's net profit before tax by approximately ₹164.33 lakhs (previous year ₹221.21 lakhs).

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

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased profit or loss by ₹40.75 lakhs ( previous year ₹45.08 lakhs). This analysis assumes that all other variables remain constant.

# Notes to Standalone Financial Statements

## 37 Financial risk management objectives and policies (Contd..)

### • Operational risk

- i) Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.
- ii) The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.
- iii) The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:
  - Requirements for appropriate segregation of duties, including the independent authorization of transactions
  - Requirements for the reconciliation and monitoring of transactions
  - Compliance with regulatory and other legal requirements
  - Documentation of controls and procedures
  - Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
  - Requirements for the reporting of operational losses and proposed remedial action
  - Development of contingency plans
  - Training and professional development
  - Ethical and business standards
  - Risk mitigation, including insurance when this is effective.
- iv) Compliance with company's standards is supported by a programme of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the audit committee and board of the company.

## 38 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The outbreak of Corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company's operations and revenue during the period were impacted due to COVID-19. The Company has taken into account the possible impact of COVID-19 in preparation of the audited standalone financial statements, including its assessment of recoverable value of its assets based on internal and external information upto the date of approval of these audited standalone financial statements and current indicators of future economic conditions.

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

Particulars of security / guarantee	Name of the company	Purpose for which loan / guarantee is proposed to be utilised by recipient
Pledge of equity shares	Pokarna Engineered Stone Limited (wholly owned subsidiary)	Security by way of pledge of 51% investment in equity shares of subsidiary lenders for credit facilities availed by them. (Fund based ₹8477 lakhs and non-fund based ₹1650 lakhs.)
Corporate Guarantee	Pokarna Engineered Stone Limited (wholly owned subsidiary)	Corporate Guarantee to the bankers on behalf of subsidiary for the facilities availed by them to the extent of ₹25000 lakhs.

# Notes to Standalone Financial Statements

## 40 Leases disclosures :

### As a Lessee

#### Movement in lease liability during the year:

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance as on 01.04.2020	562.93	—
Additions on account of adoption of Ind As 116	—	1134.95
Adjustments on modification of leases	(130.08)	(448.16)
Interest expenses on lease liability	55.03	122.57
Principal payments of lease liability	(135.51)	(246.43)
<b>As at 31st March 2021</b>	<b>352.37</b>	<b>562.93</b>
Current	96.65	126.57
Non Current	255.72	436.36
<b>Amounts recognised in the statement of cash flows</b>		
Payments for leases In financing activity	135.51	246.43

(₹ in Lakhs)

Amounts recognised in statement of profit or loss	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense on leased assets	116.48	189.67
Interest expense on lease liability	55.03	122.57
Rent expense (Short term leases and leases of low value assets)	25.66	15.90
<b>Total amount recognised in Profit or loss</b>	<b>197.17</b>	<b>328.14</b>

- 41** The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 21st June 2021, there are no subsequent events to be recognised or reported that are not already disclosed.

## 42 Dividend:

The dividend declared by the company are based on the accumulated profits available for distribution as reported in the financial statements of the company. On June 21, 2021, the Board of Directors of the company have proposed a dividend of ₹0.60 per share in respect of the year ended 31st March, 2021 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹186.02 lakhs.

- 43** Previous year figures are regrouped, rearranged and reclassified wherever considered necessary in order to conform to the current year's presentation.
- 44** The financial statements for the year ended 31st March 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 21st June 2021.

In terms of our report attached

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

**Manoj Kumar Bihani**  
Partner  
Membership No. 234629

Place : Hyderabad  
Date : 21st June, 2021

For and on behalf of Board of Directors

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

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

**M Viswanatha Reddy**  
Chief Financial Officer

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

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

**Babita Chandrakar**  
Company Secretary

# Notes to Standalone Financial Statements

## Statement containing salient features of the Financial statement of Subsidiaries

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

		(₹ in Lakhs)	
	Particulars	March 31, 2021	March 31, 2020
5	Share capital	417.06	417.06
6	Other Equities	29297.24	26429.51
7	Total Assets	85350.10	76856.24
8	Total Liabilities	85350.10	76856.24
9	Investments	Nil	Nil
10	Revenue from Operations	21864.80	31676.77
11	Profit Before Taxation	4471.14	9869.54
12	Provision for Taxation	1627.29	2302.56
13	Profit after Taxation	2843.85	7566.98
14	Other Comprehensive Income	23.88	(36.09)
15	Total Comprehensive Income	2867.73	7530.89
16	Dividend	Nil	Nil
17	% of Share holding	100%	100%

# Independent Auditor's Report

To  
The Members Of  
Pokarna Limited

## Report on the Audit of the consolidated financial statements

### Opinion

We have audited the accompanying consolidated financial statements of Pokarna Limited ("the Company") and its subsidiary (the Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under

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

### Emphasis of Matter

We draw attention to Note No.40 of the consolidated financial statements, as regards to the management's evaluation of COVID – 19 impact on the future performance of the Company and its subsidiary. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

S No.	Key Audit Matter	Auditors Response
1	<b>IT systems and controls over financial reporting</b>  We identified IT systems and controls over financial reporting as a key audit matter for the Group because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, specifically with respect to revenue and raw material consumption. Also, due to such large transaction volumes and the increasing challenge to protect the integrity of the Group's systems and data, cyber security has become more significant.  Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure accurate financial reporting.	Our procedures included and were not limited to the following:  Assessed the complexity of the IT environment by engaging IT specialists and through discussion with the head of IT and internal audit and identified IT applications that are relevant to our audit.  Assessed the design and evaluation of the operating effectiveness of IT general controls over program development and changes, access to program and data and IT operations by engaging IT specialists.  Performed inquiry procedures in respect of the overall security architecture and any key threats addressed by the Company in the current year.  Assessed the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Company by engaging IT specialists.

S No.	Key Audit Matter	Auditors Response
2	<p><b>Contingent Liabilities and Commitments:</b></p> <p>The Group is exposed to a variety of different laws, regulations and interpretations thereof which encompasses taxation and legal matters. In the normal course of business, provisions and contingent liabilities may arise from legal proceedings, including regulatory and other Governmental proceedings, constructive obligations and commercial claims. Based on the nature of regulatory and legal cases management applies significant judgment when considering whether, and how much, to provide for the potential exposure of each matter. These estimates could change substantially over time as new facts emerge as each legal case or matters progresses. Given the different views possible, basis of the interpretations, complexity and the magnitude of the potential exposures, and the judgment necessary to determine required disclosures, this is a key audit matter.</p>	<p>Our audit procedures included the following:</p> <p>We understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the Group's controls over the recording and re-assessment of uncertain legal positions, claims and contingent liabilities;</p> <p>We held discussions with the person responsible for legal and compliance to obtain an understanding of the factors considered in classification of the matter as 'probable' and 'possible'</p> <p>We read the correspondence from competent authorities and considered legal opinion obtained by the Group from external law firms to challenge the basis used for provisions recognised or the disclosures made in the consolidated financial statements;</p> <p>For those matters where Group concluded that no provision should be recorded, we also considered the adequacy and completeness of the Group's disclosures made in relation to contingent liabilities.</p>
3	<p><b>Inventory of raw material, Work in Progress and Finished Goods (Valuation) –</b></p> <p>Finished goods inventory are valued at lower of cost and net realizable value (estimated selling price less estimated cost to sell). Considering the nature of finished goods consisting of raw blocks, granite slabs, Quartz surfaces etc., which is dependent upon various market conditions and evaluating possible impact of quality, class, size and ageing, determination of the net realizable value for goods involves significant management judgement and therefore has been considered as a key audit matter.</p>	<p>With respect to the net realisable value:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the determination of the net realizable values of raw blocks, granites, cut slabs, Quartz surfaces and assessed and tested the reasonableness of the significant judgements applied by the management.</li> <li>• Evaluated the design of internal controls relating to the valuation of finished goods/work in progress and finished goods and also tested the operating effectiveness of the aforesaid controls.</li> <li>• To assess the reasonableness of the net realisable value considering the market condition and evaluating possible impact of quality, class, size and ageing that was estimated and considered by the management.</li> <li>• Compared the actual costs incurred to sell based on the latest sale transactions to assess the reasonableness of the cost to sell that was estimated and considered by the management.</li> <li>• Compared the cost of the finished goods with the estimated net realisable value and checked if the finished goods were recorded at net realisable value where the cost was higher than the net realisable value.</li> <li>• Tested the appropriateness of the disclosure in the financial statements in accordance with the applicable financial reporting framework.</li> </ul>
4	<p><b>Capitalisation in Property, Plant and Equipment</b></p> <p>During the year ended March 31, 2021, the subsidiary Company (Pokarna Engineered Stone Limited) has incurred capital expenditure on various projects included in capital work in progress. Further, items of property, plant and equipment that are ready for its intended use as determined by the management have been capitalised in the current year. Judgement is involved to determine that the aforesaid capitalisation meet the recognition requirement under Ind AS specifically in relation to determination of whether the criteria for intended use of the management has been met.</p> <p>Accordingly, the above has been determined as a key audit matter.</p>	<p>Our audit procedures included and were not limited to the following</p> <ul style="list-style-type: none"> <li>• Examined the management assessment of the assumptions considered in estimation of useful life.</li> <li>• Assessed the nature of the additions made to property, plant and equipment, capital work-in-progress on a test check basis to test whether they meet the recognition criteria as set out in para 16 to 22 of Ind AS 16 – Property, Plant and Equipment, including intended use of management.</li> </ul>
5	<p><b>Evaluation of Provision for Warranties</b></p> <p>The subsidiary (PESL) of the Group gives warranties on products and services, undertaking to repair / replace during the warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of repair / replacement.</p> <p>Refer Note No.17.1 of the consolidated financial statements.</p>	<p>Our audit approach was a combination of test of internal controls and substantive procedures. We have further reviewed the management's assumptions with respect to estimating the provision for warranties and noted based on the past experience of the levels of repairs and returns of certain products and services.</p>



### Information Other than the Consolidated financial statements and Auditor's Report Thereon

The Holding Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report, Management Discussion and Analysis Report and Business Responsibility Report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

### Management's Responsibility for the Consolidated financial statements

The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the IndAS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Group, as aforesaid.

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

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

### Auditor's Responsibilities for the Audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Group and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls with reference to the financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We communicate with those charged with governance of Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless a regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this

Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- On the basis of the written representations received from the directors of the Holding and its subsidiary Company as on March 31, 2021 taken on record by the Board of Directors of the respective Company, none of the directors of the Group companies is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to these consolidated financial statements of the Holding Company and its subsidiary company, refer to our separate Report in "Annexure A" to this report;
- With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group to its directors during the year is in accordance with the provisions of section 197 of the Act.
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its subsidiary. Refer Note 32 to the consolidated Ind AS financial statements.
  - Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Group and its subsidiary company during the year ended March 31, 2021.

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

(**Manoj Kumar Bihani**)

Partner

Membership No. 234629

UDIN No.21234629AAAADF9585

Place: Hyderabad

Date: 21.06.2021

# Annexure - A to Independent Auditors' Report

**Referred to in paragraph 9 (f) of the Independent Auditors' Report of even date to the members of Pokarna Limited on the consolidated financial statements for the year ended March 31, 2021.**

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

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to the financial statements of Pokarna Limited (hereinafter referred to as "the Holding Group") and its subsidiary, which are companies incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Group and its subsidiary, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to the financial statements over financial reporting criteria established by the Group 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 Group'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 Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with 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 over financial reporting. 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 with reference 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of such internal financial controls, 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 over financial reporting.

## Meaning of Internal Financial Controls over financial reporting:

A Group'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 consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Group'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 Group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

## Inherent Limitations of Internal Financial Controls over financial reporting

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

## Opinion

In our opinion, the Holding Group and its subsidiary have in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial control with reference to financial statement criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

(**Manoj Kumar Bihani**)  
Partner  
Membership No. 234629

Place: Hyderabad  
Date: 21.06.2021

# Consolidated Balance Sheet

(₹ in Lakhs)

	Note	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment	3	69870.72	26853.85
(b) Capital work-in-progress		6480.81	43050.57
(c) Intangible assets	3	48.70	53.01
(d) Financial assets			
(i) Loans	4(A)	694.91	727.91
(ii) Other financial assets	5(A)	1499.11	2268.79
(e) Deferred tax asset (net)	6(A)	-	205.79
(f) Other non-current assets	7(A)	866.02	1189.48
<b>Total non-current assets</b>		<b>79460.27</b>	<b>74349.40</b>
<b>II Current assets</b>			
(a) Inventories	8	11092.94	8958.67
(b) Financial assets			
(i) Trade receivables	9	4341.21	3379.02
(ii) Cash and cash equivalents	10	1210.52	1108.25
(iii) Bank balances other than (ii) above	11	1437.62	2099.10
(iv) Loans	4(B)	196.97	157.89
(v) Other financial assets	5(B)	132.56	182.19
(c) Current tax assets	12	7.15	17.80
(d) Other current assets	7(B)	2424.94	1727.51
<b>Total current assets</b>		<b>20843.91</b>	<b>17630.43</b>
<b>TOTAL ASSETS</b>		<b>100304.18</b>	<b>91979.83</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	13	620.08	620.08
(b) Other equity	14	35936.77	33249.69
<b>Total equity</b>		<b>36556.85</b>	<b>33869.77</b>
<b>Liabilities</b>			
<b>II Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15(A)	22624.22	22365.76
(ii) Other financial liabilities	16(A)	399.07	615.27
(b) Other non-current liabilities	19(A)	18567.17	18711.05
(c) Provisions	17(A)	666.43	580.25
(d) Deferred tax liabilities (net)	6(B)	768.74	255.33
<b>Total non-current liabilities</b>		<b>43025.63</b>	<b>42527.66</b>
<b>III Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15(B)	6246.18	4995.47
(ii) Trade payables	20		
a) total outstanding dues of micro enterprises and small enterprises		46.30	15.38
b) total outstanding dues of creditors other than micro enterprises and small enterprises		4554.65	3347.29
(iii) Other financial liabilities	16(B)	1942.85	1585.53
(b) Other current liabilities	19(B)	5966.20	3868.25
(c) Provisions	17(B)	1097.68	896.23
(d) Current tax liabilities (net)	18	867.84	874.25
<b>Total current liabilities</b>		<b>20721.70</b>	<b>15582.40</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>100304.18</b>	<b>91979.83</b>
Notes forming part of the financial statements	1 - 46		

In terms of our report attached

For and on behalf of Board of Directors

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

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

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

**Manoj Kumar Bihani**  
Partner  
Membership No. 234629

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

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

Place : Hyderabad  
Date : 21st June, 2021

**M Viswanatha Reddy**  
Chief Financial Officer

**Babita Chandrakar**  
Company Secretary

# Consolidated Statement of Profit and Loss

(₹ in Lakhs)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
<b>Income</b>			
<b>I</b> Revenue from operations	21	29503.59	39391.03
<b>II</b> Other income	22	606.23	549.20
<b>III Total income</b>		<b>30109.82</b>	<b>39940.23</b>
<b>IV Expenses</b>			
a) Cost of raw material consumed	23	8556.03	11407.16
b) Purchase of stock-in-trade		58.40	265.75
c) Changes in stock of finished goods, work-in-progress and stock-in-trade	24	136.66	329.28
d) Employee benefits expense	25	3589.77	4344.69
e) Depreciation and amortization expense	26	2138.44	2321.32
f) Finance costs	27	2123.88	2207.84
g) Other expenses	28	8985.83	9984.86
<b>Total expenses</b>		<b>25589.01</b>	<b>30860.90</b>
<b>V Profit before tax (III-IV)</b>		<b>4520.81</b>	<b>9079.33</b>
<b>VI Tax expense:</b>			
a) Current tax	29	987.57	3063.73
Less: MAT credit entitlement		(834.78)	-
b) Deferred tax		1539.12	(1057.31)
<b>Total tax expense</b>		<b>1691.91</b>	<b>2006.42</b>
<b>VII Profit after tax (V-VI)</b>		<b>2828.90</b>	<b>7072.91</b>
<b>VIII Other comprehensive income/(loss)</b>			
(i) Items that will not be reclassified to profit or loss		59.07	(44.51)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(14.87)	19.73
<b>Total other comprehensive income/(loss)</b>		<b>44.20</b>	<b>(24.78)</b>
<b>IX Total comprehensive income for the year: (VII + VIII)</b>			
(i) Shareholders of the company		2873.10	7048.13
(ii) Non controlling interests		-	-
		<b>2873.10</b>	<b>7048.13</b>
<b>X Earnings per share - Basic and Diluted (in ₹)</b>	30	9.12	22.81
<b>XI Nominal Value of share (in ₹)</b>		2.00	2.00
Notes forming part of the financial statements	1 - 46		

In terms of our report attached

For and on behalf of Board of Directors

**For K.C.Bhattacharjee & Paul**Chartered Accountants  
(F.No.303026E)**Gautam Chand Jain**Chairman & Managing Director  
(D.No: 00004775)**Meka Yugandhar**Director  
(D.No: 00012265)**Manoj Kumar Bihani**Partner  
Membership No. 234629**Rahul Jain**Managing Director  
(D.No: 00576447)**Apurva Jain**Executive Director  
(D.No: 06933924)

Place : Hyderabad

Date : 21st June, 2021

**M Viswanatha Reddy**

Chief Financial Officer

**Babita Chandrakar**

Company Secretary

# Consolidated Statement of Changes In Equity

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>A) EQUITY SHARE CAPITAL</b>		
Equity shares		
Balance at the beginning of the year	620.08	620.08
Changes during the year	-	-
Balance at the end of the year	<b>620.08</b>	<b>620.08</b>

## B) Other Equity

(₹ in Lakhs)

Particulars	Other Comprehensive Income	General Reserve	Retained earnings	Securities Premium	Total Other Equity
Opening balance as on 01.04.2020	119.59	980.36	32075.78	73.96	33249.69
Profit for the year			2828.90		2828.90
Movement in OCI (Net) during the year	44.20				44.20
Dividend			(186.02)		(186.02)
Closing balance as on 31.03.2021	<b>163.79</b>	<b>980.36</b>	<b>34718.66</b>	<b>73.96</b>	<b>35936.77</b>

(₹ in Lakhs)

Particulars	Other Comprehensive Income	General Reserve	Retained earnings	Securities Premium	Total Other Equity
Opening balance as on 01.04.2019	144.37	980.36	25227.14	73.96	26425.83
Profit for the year			7072.91		7072.91
Movement in OCI (Net) during the year	(24.78)				(24.78)
Dividend			(186.02)		(186.02)
Tax on dividend			(38.25)		(38.25)
Closing balance as on 31.03.2020	<b>119.59</b>	<b>980.36</b>	<b>32075.78</b>	<b>73.96</b>	<b>33249.69</b>

In terms of our report attached

For and on behalf of Board of Directors

**For K.C.Bhattacharjee & Paul**Chartered Accountants  
(F.No.303026E)**Gautam Chand Jain**Chairman & Managing Director  
(D.No: 00004775)**Meka Yugandhar**Director  
(D.No: 00012265)**Manoj Kumar Bihani**Partner  
Membership No. 234629**Rahul Jain**Managing Director  
(D.No: 00576447)**Apurva Jain**Executive Director  
(D.No: 06933924)

Place : Hyderabad

Date : 21st June, 2021

**M Viswanatha Reddy**

Chief Financial Officer

**Babita Chandrakar**

Company Secretary



# Consolidated Statement of Cash Flow

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>(A) Cash flows from operating activities</b>		
<b>Profit before taxes</b>	4520.81	9079.33
Adjustments:		
Depreciation and amortization expense	2138.44	2321.32
Loss/ (Profit) on Sale of property, plant and equipment (Net)	38.52	15.86
Gain on modification of lease	(24.48)	(29.17)
Unrealized foreign exchange (gain) / loss (Net)	(310.42)	(100.16)
Sundry Credit Balances written back	(13.60)	-
Allowance for credit losses	19.83	26.07
Provision for warranties	196.39	278.27
Finance costs	2123.88	2207.84
Interest income	(134.22)	(77.57)
<b>Operating profit before working capital changes</b>	<b>8555.15</b>	<b>13721.79</b>
Changes in working capital and other provisions:		
(Increase)\Decrease in Trade Receivables	(1087.92)	3611.42
(Increase)\Decrease in Inventories	(2134.26)	867.77
(Increase)\Decrease in Financial Assets	1480.78	(1207.63)
(Increase)\Decrease in Non - Financial Assets	(349.05)	2797.62
Increase\Decrease in Provisions	104.84	171.20
Increase\Decrease in Non - Financial Liabilities	1.34	1.47
Increase\Decrease in Trade and Other Payables	4243.17	19516.00
<b>Cash generated from operations</b>	<b>10814.05</b>	<b>39479.64</b>
Income taxes paid, net	(983.32)	(1552.70)
<b>Net cash from/(used in) operating activities</b>	<b>9830.73</b>	<b>37926.94</b>
<b>(B) Cash flows from investing activities</b>		
Purchase of property, plant and equipment, Intangible assets and changes in CWIP	(8760.46)	(39223.98)
Proceeds from sale of property, plant and equipment	26.20	100.28
Interest income	134.22	77.57
<b>Net cash from / (used in) investing activities</b>	<b>(8600.04)</b>	<b>(39046.13)</b>
<b>(C) Cash flows from financing activities</b>		
Proceeds from Non-current borrowings	8055.76	13393.69
Repayment of Non-current borrowings	(7546.38)	(6580.71)
(Repayment) / Proceeds from Current borrowings (Net)	665.66	(4290.64)
Principal payments of Lease Liabilities	(115.56)	(163.09)
Interest expense (including lease liabilities)	(2123.88)	(2207.84)
Dividend paid	(186.02)	(224.26)
<b>Net cash generated in financing activities</b>	<b>(1250.42)</b>	<b>(72.85)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(19.73)</b>	<b>(1192.04)</b>
Add: cash and cash equivalents at the beginning of the year	(468.47)	244.52
Effect of exchange gain on cash and cash equivalents	160.42	479.05
<b>Cash and cash equivalents at the end of the year (refer note. 10.1)</b>	<b>(327.78)</b>	<b>(468.47)</b>

In terms of our report attached

For and on behalf of Board of Directors

**For K.C.Bhattacharjee & Paul**Chartered Accountants  
(F.No.303026E)**Gautam Chand Jain**Chairman & Managing Director  
(D.No: 00004775)**Meka Yugandhar**Director  
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(D.No: 00576447)**Apurva Jain**Executive Director  
(D.No: 06933924)

Place : Hyderabad

Date : 21st June, 2021

**M Viswanatha Reddy**

Chief Financial Officer

**Babita Chandrakar**

Company Secretary

# Notes to Consolidated Financial Statements

## 1 Corporate information

The Consolidated Financial Statements comprises financial statement of “Pokarna Limited” (“the Parent Company”) and its wholly owned subsidiary Pokarna Engineered Stone Limited for the year ended 31.03.2021.

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

The Group is principally engaged in the business:

- (a) quarrying, manufacturing & processing and selling of Granite;
- (b) manufacturing and selling of Apparel under the brand name ‘Stanza’; and
- (c) manufacturing, processing and selling of high quality engineered quartz surfaces.

## 2 Basis of preparation, measurement and significant accounting policies

The significant accounting policies applied by the Group in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

### 2.1 Basis of preparation and measurement

#### (a) Basis of preparation

The Group financial statements are prepared in accordance with and in compliance, in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read along with Companies (Indian Accounting Standards) Rules, as amended and other relevant provisions of the Act. The presentation of the Financial Statements is based on Ind AS Schedule III of the Companies Act, 2013.

#### (b) Basis of measurement

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated. All assets and liabilities are classified into current and non-current generally based on the criteria of realisation/settlement within a twelve month period from the balance sheet date.

### 2.2 Key accounting judgement, estimates and assumptions :

The preparation of the financial statements requires management to exercise judgment and to make estimates and assumptions. These estimates and associated assumptions

are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affect only that period, or in the period of the revision and future periods if the revision affects both current and future period.

### 2.3 Recent Accounting Developments

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021 and there is no impact on Financials.

### 2.4 Significant accounting policies

#### A Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company i.e. its subsidiary. The financial statements of the Parent company and its subsidiary have been consolidated on a line-by-line basis together with the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealized profits. The financial statements of the Parent Company and its subsidiary have been consolidated using uniform accounting policies.

#### B Property, plant and equipment

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

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

# Notes to Consolidated Financial Statements

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

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

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

## C Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation or amortization is provided so as to write off, on a straight line basis, the cost of property, plant and equipment and other intangible assets, including those held under finance leases to their residual value. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period, if shorter. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. No further charge is provided in respect of assets that are fully written down but are still in use. Depreciation on assets under construction commences only when the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are determined with reference to Schedule II to the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Freehold land is not depreciated.

## D Intangible assets

- (i) Intangible assets are stated at cost less accumulated amortization or impairment. Intangible assets are amortized on their estimated useful life of assets. Expenditure incurred in research phase is expensed as incurred.

### Stripping costs

- (ii) Stripping costs

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

- (a) Developmental stripping costs and
- (b) Production stripping costs

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

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

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

- (i) It is probable that the future economic benefit (improved access to the mine) associated with the stripping activity will flow to the Group
- (ii) The Group can identify the component of the mine for which access has been improved and
- (iii) The costs relating to the improved access to that component can be measured reliably

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

## E Provision for decommissioning, site restoration and environmental costs

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

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

# Notes to Consolidated Financial Statements

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

## F Impairment

### i) Financial assets (including receivables)

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

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

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

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

### (ii) Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot

be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

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

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

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

## G Leases

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

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

### (i) As a Lessee

The Group has adopted Ind AS 116-Leases effective 1st April, 2020, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2020). Accordingly, previous period information has not been restated. The Group's lease asset classes primarily consist of leases for

# Notes to Consolidated Financial Statements

Land and Buildings, Retail Outlets, Vehicles and Plant & Machinery. The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The

remeasurement normally also adjusts the leased assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## (ii) As a Lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

## H Financial instruments

### Financial assets

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

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

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

# Notes to Consolidated Financial Statements

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

## Investment in subsidiaries:

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

## Financial liabilities

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

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

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

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

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

## I Cash and bank balances:

Cash and bank balances consist of:

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

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

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

## J Employee benefits

### (i) Short term employee benefits:

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

### (ii) Post -employment benefits:

#### Defined contribution plans:

##### Provident Fund

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

##### Employee state Insurance Scheme

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

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

#### Defined benefit plans:

The Group provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Group. The Gratuity Plan provides a lump-sum payment to vested



# Notes to Consolidated Financial Statements

employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Group. Liability with regard to the Gratuity Plan is determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan for parent company (Granite division) is administered by a trust formed for this purpose through the Company gratuity Scheme. The Group recognizes the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognized in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments is recognized in the statement of profit and loss

## Other long-term employee benefits

The liabilities for compensated absences which are not expected to occur within twelve months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. Group uses updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

## K Inventories

Inventories are valued at lower of cost and net realizable value. Cost of raw materials, Stores and Spares, Consumables, Packing materials and traded goods are valued at Cost on First-In-First-Out (FIFO) basis. Cost includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition on normal

operating capacity. The cost of finished goods and work in progress includes raw materials, direct labour, other direct costs and appropriate portion of variable and fixed overhead expenditure, computed on normal capacity.

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

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

## L Provisions, contingent liabilities and contingent assets

### Provisions

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

### Provision for Warranties

The Group generally provides a standard warranty for covering manufacturing defects for different periods of time, depending on the type of product and the customer when the product is sold or service provided to the customer. The Group records a provision for

# Notes to Consolidated Financial Statements

the estimated cost to repair or replace products under warranty, which is estimated, based primarily on historical experience as well as management judgment. The assumptions made in relation to the current period are consistent with those in the prior year. This provision is not discounted to the present value and is determined based on the best estimate required to settle the obligations at the Balance Sheet date.

## Contingent liabilities

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

## Contingent assets

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

## M Government grants

Effective from 01st April 2019, the Group has adopted and opted Ind AS 20 policy for 'Accounting for Government Grants and Disclosure of Government Assistance' from 'Deferred Income recognised in Statement of Profit and Loss on a systematic basis over the useful life of the assets' to 'Option of deducting the same from carrying value'.

## N Non-current assets held for sale

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

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a

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

## O Income taxes

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

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

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

Deferred tax assets are recognized and carried forward only if it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured using the enacted (or substantively enacted) tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Group determines the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or

# Notes to Consolidated Financial Statements

plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

## P Revenue

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized when the performance obligations under contract are fulfilled and there are no unfulfilled obligations and amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company.

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

**Goods Sold:** Revenue from sale of goods are recognized when controls of the product are transferred in accordance with the terms of sale, and there is no unfulfilled obligation that could affect the customers' acceptance of the products and is net of trade discounts, sales returns, where applicable. accordingly export and domestic revenue is recognized when the performance obligations in our contracts are fulfilled.

**Rendering of services:** Revenue recognition is based on the terms and conditions as per the contracts entered into / understanding with the customers and the service is performed and there are no unfulfilled obligations. All revenues from services, as rendered, are recognised when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives, discounts based on the terms of the contract and applicable indirect taxes.

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

**Interest income** is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

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

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

## Expenditure

Expenditure is accounted on accrual basis.

## Q Foreign currency

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

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

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

The transactions like receipt or payment of advance consideration in a foreign currency are translated at the rates on the date of transaction. The date of transaction for the purpose of determining exchange rate is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

## R Finance income and finance cost

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

Finance costs comprise interest expense on borrowings and lease liabilities, unwinding of the discount on provisions, impairment losses recognized on financial assets, interest expense and penalties related to income tax.

## S Earnings per share

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

# Notes to Consolidated Financial Statements

the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## **T Segment reporting**

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

## **U Borrowing costs**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset

which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

## **V Dividend declared**

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

## **W Exceptional Items**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. These are material items of income or expense that have to be shown separately due to their nature or incidence.

# Notes to Consolidated Financial Statements

## 3. Property, plant and equipment & Intangible assets

Particulars	As at 31st March 2021	As at 31st March 2020
Property, plant and equipment		
A.Owned Assets	68704.55	25370.95
B.ROU Leased Assets	1166.17	1482.90
<b>Total</b>	<b>69870.72</b>	<b>26853.85</b>
<b>Owned - Intangible assets</b>	<b>48.70</b>	<b>53.01</b>

(₹ in Lakhs)

### A. Owned Assets

Particulars	Property, plant and equipment							Intangible assets			
	Land	Buildings	Factory & quarry buildings	Plant and machinery	Furniture & fixtures	Office equipment	Vehicles	Total of property, plant and equipment	Trade marks & brand name	Stripping cost activity asset	Total of intangible assets
<b>1. Deemed Cost (Gross Carrying Amount)</b>											
Balance as at 1st April 2019	2933.54	715.30	7248.05	33779.51	860.05		660.94	1123.64	382.80	65.95	448.75
Additions	115.55	1.27	1019.31	483.32	11.00		43.21	51.20	-	-	-
Disposals/ transfer	(101.59)	-	-	(51.53)	(37.92)		-	(20.58)	-	-	-
<b>Balance as at 31st March 2020</b>	<b>2947.50</b>	<b>716.57</b>	<b>8267.36</b>	<b>34211.30</b>	<b>833.13</b>		<b>704.15</b>	<b>1154.26</b>	<b>382.80</b>	<b>65.95</b>	<b>448.75</b>
Balance as at 1st April 2020	2947.50	716.57	8267.36	34211.30	833.13		704.15	1154.26	382.80	65.95	448.75
Additions	0.73	232.00	16201.56	28466.19	28.95		355.61	59.30	-	-	-
Disposals/ transfer	(0.60)	-	-	(304.27)	(55.45)		-	(83.42)	-	-	-
<b>Balance as at 31st March 2021</b>	<b>2947.63</b>	<b>948.57</b>	<b>24468.92</b>	<b>62373.22</b>	<b>806.63</b>		<b>1059.76</b>	<b>1130.14</b>	<b>382.80</b>	<b>65.95</b>	<b>448.75</b>
<b>2. Accumulated Depreciation</b>											
Balance as at 1st April 2019	-	399.91	2457.00	16928.52	593.59		521.94	587.81	382.80	8.63	391.43
Depreciation/Amortisation for the year	-	13.13	245.32	1584.39	47.75		53.19	103.57	-	4.31	4.31
Disposals/ transfer	-	-	-	(28.67)	(26.90)		-	(17.23)	-	-	-
<b>Balance as at 31st March 2020</b>	<b>-</b>	<b>413.04</b>	<b>2702.32</b>	<b>18484.24</b>	<b>614.44</b>		<b>575.13</b>	<b>674.15</b>	<b>382.80</b>	<b>12.94</b>	<b>395.74</b>
Balance as at 1st April 2020	-	413.04	2702.32	18484.24	614.44		575.13	674.15	382.80	12.94	395.74
Depreciation/Amortisation for the year	-	13.33	265.03	1481.09	37.00		48.22	101.34	-	4.31	4.31
Disposals/ transfer	-	-	-	(276.76)	(21.82)		-	(80.43)	-	-	-
<b>Balance as at 31st March 2021</b>	<b>-</b>	<b>426.37</b>	<b>2967.35</b>	<b>19688.57</b>	<b>629.62</b>		<b>623.35</b>	<b>695.06</b>	<b>382.80</b>	<b>17.25</b>	<b>400.05</b>
<b>3. Carrying Amount (Net)</b>											
At 31st March 2020	2947.50	303.53	5565.04	15727.06	218.69		129.02	480.11	-	53.01	53.01
<b>At 31st March 2021</b>	<b>2947.63</b>	<b>522.20</b>	<b>21501.57</b>	<b>42684.65</b>	<b>177.01</b>		<b>436.41</b>	<b>435.08</b>	<b>-</b>	<b>48.70</b>	<b>48.70</b>

(₹ in Lakhs)

# Notes to Consolidated Financial Statements

## 3. Property, plant and equipment & Intangible assets (Contd..)

- 3.1) Capital work-in-progress ₹ 6480.81 lakhs (previous year ₹ 43050.57 lakhs).
- 3.2) Some of the assets acquired out of finance are under Hypothecation.
- 3.3) Details of security of property, plant and equipment subject to charge to secured borrowings - refer note. 15.1 & 15.3
- 3.4) Land includes cost of land admeasuring Acres 2.11 cents, which has been disputed by third parties pending disposal.
- 3.5) Land includes ₹ 44.22 lakhs (previous year ₹ 44.22 lakhs) admeasuring 41.94 acres (previous year 41.94 acres) for which title/conveyance deeds are pending for execution in favour of company.
- 3.6) Depreciation capitalised during the year ₹ 14.14 lakhs (previous year ₹ 5.79lakhs)

### B.ROU Leased Assets \*

(₹ in Lakhs)

Particulars	Leasehold Land	Building	Total
<b>1. Deemed cost (Gross carrying amount)</b>			
Balance as at 1st April 2019	-	-	-
Addition on account of transitions to Ind AS 116 -1st April, 2019	766.59	1410.74	2177.33
Disposals/ transfer	-	(472.81)	(472.81)
<b>Balance as at 31st March 2020</b>	<b>766.59</b>	<b>937.93</b>	<b>1704.52</b>
Balance as at 1st April 2020	766.59	937.93	1704.52
Additions	-	36.12	36.12
Disposals/ transfer	-	(214.23)	(214.23)
<b>Balance as at 31st March 2021</b>	<b>766.59</b>	<b>759.82</b>	<b>1526.41</b>
<b>2. Accumulated Depreciation</b>			
Balance as at 1st April 2019	-	-	-
Depreciation/ amortisation for the year	35.86	239.58	275.44
Disposals/ transfers	-	(53.82)	(53.82)
<b>Balance as at 31st March 2020</b>	<b>35.86</b>	<b>185.76</b>	<b>221.62</b>
Balance as at 1st April 2020	35.86	185.76	221.62
Depreciation/ amortisation for the year	35.85	166.40	202.25
Disposals/ transfers	-	(63.63)	(63.63)
<b>Balance as at 31st March 2021</b>	<b>71.71</b>	<b>288.53</b>	<b>360.24</b>
<b>3. Carrying amount (net)</b>			
At 31st March 2020	730.73	752.17	1482.90
<b>At 31st March 2021</b>	<b>694.88</b>	<b>471.29</b>	<b>1166.17</b>

\*refer Note 42



# Notes to Consolidated Financial Statements

## 4 Loans

### A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Loan receivables considered good -unsecured		
Security deposit	546.90	579.90
Other loans	148.01	148.01
<b>Total</b>	<b>694.91</b>	<b>727.91</b>

### B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Loan receivables considered good -unsecured		
Other loans	196.46	157.29
Loans to employees	0.51	0.60
<b>Total</b>	<b>196.97</b>	<b>157.89</b>

## 5 Other financial assets

### A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Deposits with maturity for more than 12 months		
Margin money given against a bank guarantee/letter of credit	1085.96	391.06
Interest accrued on fixed deposits	29.94	33.04
Deferred payment charges	383.21	1844.69
<b>Total</b>	<b>1499.11</b>	<b>2268.79</b>

### B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Interest accrued on fixed deposits	69.50	71.45
Deferred payment charges due within one year	63.06	110.74
<b>Total</b>	<b>132.56</b>	<b>182.19</b>

## 6 Deferred tax

### A. Deferred tax assets (net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax asset</b>		
Receivables	-	13.21
Unused tax credit	-	1578.82
Provisions	-	346.78
	<b>-</b>	<b>1938.81</b>

# Notes to Consolidated Financial Statements

## 6 Deferred tax (Contd..)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax liabilities</b>		
Property, plant & equipment	-	1733.02
	-	<b>1733.02</b>
<b>Total</b>	-	<b>205.79</b>

### B. Deferred tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax liabilities</b>		
Property, plant & equipment	3824.17	539.83
	<b>3824.17</b>	<b>539.83</b>
<b>Deferred tax asset</b>		
Receivables	56.92	38.72
Provisions	581.54	245.78
MAT credit entitlement	2413.60	
Carryover loss	3.37	
	<b>3055.43</b>	<b>284.50</b>
<b>Total</b>	<b>768.74</b>	<b>255.33</b>

### Deferred tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
At the start of the year	49.54	(137.01)
Unused tax credit	(834.79)	1263.18
Charge/ (Credit) to statement of P&L	1553.99	(1076.63)
<b>At the end of the year</b>	<b>768.74</b>	<b>49.54</b>

### Component of deferred tax liabilities/(asset)

(₹ in Lakhs)

Deferred tax liabilities/(asset) in relation to:	As at March 31, 2020	Charge/ (credit) to profit or loss	As at March 31, 2021
Property, plant and equipment	2272.85	1551.33	3824.18
Provisions	(592.56)	11.01	(581.55)
Receivables	(51.93)	(4.99)	(56.92)
Unused tax credit	(1578.82)	(834.78)	(2413.60)
Carryover loss	-	(3.37)	(3.37)
<b>Total</b>	<b>49.54</b>	<b>719.20</b>	<b>768.74</b>

# Notes to Consolidated Financial Statements

## 7 Other assets

### A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Capital advances	324.94	547.78
Advance to Suppliers	427.20	610.81
Defer lease rentals	13.88	30.89
Other Non-Current Assets	100.00	-
<b>Total</b>	<b>866.02</b>	<b>1189.48</b>

### B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Indirect taxes receivable	1319.84	888.83
Advance to suppliers	640.70	404.04
Other current assets	164.25	168.65
Prepaid expenses	300.15	265.99
<b>Total</b>	<b>2424.94</b>	<b>1727.51</b>

## 8 Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	2777.34	1612.27
Work-in-progress	317.67	249.57
Finished goods	5096.88	5293.00
Traded goods	23.03	31.67
Consumables, stores & spares	2646.68	1624.61
Packing material	231.34	147.55
<b>Total</b>	<b>11092.94</b>	<b>8958.67</b>

### Details of materials in transit included in inventories above

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	291.44	-
Consumables, stores & spares	2.39	5.25
Packing material	0.38	0.17

## 9 Trade receivables

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Considered good –secured	-	-
Considered good –unsecured	4341.21	3379.02
Which have significant increase in credit risk; and	226.15	206.32
Credit impaired	-	-
Allowance for credit losses	(226.15)	(206.32)
<b>Total</b>	<b>4341.21</b>	<b>3379.02</b>

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

# Notes to Consolidated Financial Statements

## 10 Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash in hand	13.35	15.34
Balances with banks:		
On current accounts	772.96	974.36
On cash credit accounts	424.21	118.55
<b>Total</b>	<b>1210.52</b>	<b>1108.25</b>

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

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents	1210.52	1108.25
Less: Cash credit [refer note. 15(B)]	(1538.29)	(1576.72)
<b>Total</b>	<b>(327.77)</b>	<b>(468.47)</b>

## 11 Other bank balances

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Margin money given against a bank guarantee/letter of credit with maturity for more than 3 months but less than 12 months	1424.87	2087.69
In unpaid dividend account	12.75	11.41
<b>Total</b>	<b>1437.62</b>	<b>2099.10</b>

## 12 Current tax assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Tax refundable	7.15	17.80
<b>Total</b>	<b>7.15</b>	<b>17.80</b>

## 13 Share capital

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorized:</b>		
10,00,00,000 (previous year 10,00,00,000) equity shares of ₹ 2/- each (₹ 2/-) par value	2000.00	2000.00
<b>Issued, subscribed and fully paid-up:</b>		
3,10,04,000 (previous year 3,10,04,000) equity shares of ₹ 2/- each (₹ 2/-) fully paid-up	620.08	620.08
<b>Total</b>	<b>620.08</b>	<b>620.08</b>

# Notes to Consolidated Financial Statements

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

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

## 13.2 Terms / rights attached to equity shares:

The group has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% holding	No. of shares	% holding
<b>Equity shares of ₹ 2 /- each fully paid</b>				
Gautam Chand Jain	14187045	45.76	14187045	45.76
Nippon Life India Trustee Ltd., A/c -Nippon India Small Cap Fund	2088525	6.74	-	-
Reliance Capital Trustee Ltd ., A/c- Nippon India Small Cap Fund	-	-	1637530	5.29

## 14 Other equity

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Securities Premium</b>	73.96	73.96
<b>General reserve</b>	980.36	980.36
<b>Net surplus in the statement of Profit and Loss</b>		
Opening balance	32075.78	25227.14
Add: Profit for the year	2828.90	7072.91
	<b>34904.68</b>	<b>32300.05</b>
Less: Dividend paid	186.02	186.02
Tax on dividend	-	38.25
	<b>34718.66</b>	<b>32075.78</b>
<b>Other comprehensive income</b>		
Opening balance	119.59	144.37
Movement in OCI (net) during the year	44.20	(24.78)
	<b>163.79</b>	<b>119.59</b>
<b>Total</b>	<b>35936.77</b>	<b>33249.69</b>

# Notes to Consolidated Financial Statements

## 15 Borrowings

### A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Secured loans - From banks (refer note. 15.1 &amp; 15.3)</b>		
Term loans in Indian rupees	4540.30	3821.46
Term loans in Foreign currency	6881.33	8332.38
<b>Secured loans - From others (refer note. 15.1)</b>		
Term loans in Indian rupees	-	8.85
<b>Unsecured loans</b>		
<b>Loans &amp; advances from related parties</b>		
Loans from directors	4094.18	3714.98
Inter Corporate Deposits	7108.41	6488.09
<b>Total</b>	<b>22624.22</b>	<b>22365.76</b>

### B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Secured loans - From banks</b>		
Working capital loans - repayable on demand (refer note. 15.1 & 15.3)		
Cash Credit Facilities in Indian rupees	1538.29	1576.72
Packing credit loans in Indian rupees	1358.74	854.90
Packing credit loans in Foreign currency	3055.04	2345.09
Bill discounting facilities in Foreign currency	294.11	218.76
<b>Total</b>	<b>6246.18</b>	<b>4995.47</b>

### Nature of security and terms of repayment for secured borrowings:

**15.1** Term loans in Foreign currency of ₹ 1244.18 lakhs, Term loan in Indian rupees of ₹ 245.55 lakhs & working capital facilities of ₹ 2308.81 lakhs from Union Bank of India are secured by hypothecation of first charge on all immovable and movable properties including machineries, current assets such as inventories, book debts and other receivables of the company, both present and future and personal properties of some of the directors and guarantees of the Directors (other than independent directors).

Cash credit facility in Indian rupees carries interest @ 11.45%, Packing credit loans in foreign currency carries interest @ 2.35% and Bill discounting facilities in Foreign currency carries interest @ 2.36%.

Term loans in Indian rupees of ₹ 62.39 lakhs are for purchase of assets, secured by hypothecation of respective assets and personal guarantee of the Directors (other than Independent directors).

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

(₹ in Lakhs)

Particulars	2021-22	2022-23	2023-24	2024-25
<b>Term loans in Foreign currency</b>				
Rate of interest - Libor plus 471 bps- 4.96%	355.48	355.48	355.48	177.74
<b>Term loans in Indian rupees</b>				
Rate of interest - 6% to 9.02%	256.28	41.89	9.77	

**15.3** Term loans in Indian rupees of ₹ 443.10 lakhs, Term loans in foreign currency of ₹ 669.17 & working capital facilities of ₹ 3416.58 lakhs from Union Bank of India, Bank of India & Indian Overseas Bank of under consortium are secured by a first charge ranking pari-passu mortgage over leasehold interests under the land lease agreement and equitable mortgage of buildings along with the plant & machinery including current assets such as inventories, book debts and other receivables both present and future of the unit situated at Visakhapatnam and personal guarantees of the Directors (other than independent directors).



# Notes to Consolidated Financial Statements

## 15 Borrowings (Contd..)

Further 51% of the shares held by Pokarna Limited in the company are also pledged against the borrowing from the banks.

Term loans in Indian rupees of ₹ 4393.67 lakhs, Term loans in foreign currency of ₹ 5992.62 lakhs & working capital facilities of ₹ 520.79 lakhs from Union bank of India for Unit 2 at Mekaguda Gram Panchayat, Dooskal Village, Ranga Reddy District is secured by a first charge on entire assets and also 2nd pari passu charge on the entire assets (both movable and immovable) of existing unit at Visakhapatnam as a additional collateral security and personal guarantees of the Directors (other than independent directors) and corporate guarantee by parent company Pokarna Limited.

Cash credit facilities in Indian rupees carries interest @ 11.20% to 12.75%, Packing credit loans in Indian rupees carries interest @ 9.05%, Packing credit loans in foreign currency carries interest @ 2.75% to 2.83%.

Term loans in Indian rupees of ₹ 153.77 lakhs are for purchase of assets, secured by hypothecation of respective assets and personal guarantee of the Directors (other than Independent directors).

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

	(₹ in Lakhs)			
Rate of interest	2021-22	2022-23	2023-24	2024-25 & Beyond
<b>Term loans in Foreign currency</b>				
Six months libor plus 425 bps -4.52 % to 4.96%	669.17	299.63	599.26	5093.73
<b>Term loans in Indian rupees</b>				
1 yr. MCLR plus 2.7% to 3.9% -11.20% to 12.75%	443.10	219.68	439.37	3734.62
6% to 9.02%	58.81	48.92	39.14	6.90

The Maturity profile of term loans availed from the banks has been recomputed as per regulatory package given by RBI vide circular dated 27th March 2020 including interest for the period from March to August 2020.

## 16 Other financial liabilities

### A. Non-Current

	(₹ in Lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability (refer note. 42)	399.07	615.27
<b>Total</b>	<b>399.07</b>	<b>615.27</b>

### B. Current

	(₹ in Lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current maturities of long term borrowings:</b>		
From banks -secured (refer note. 15.1 & 15.3)		
Term loans in Indian rupees	1104.80	716.63
Term loans in Foreign currency	669.17	663.52
From others -secured (refer note. 15.1)		
Term loans in Indian rupees	8.87	9.24
Lease liability (refer note. 42)	145.89	184.22
Interest accrued but not due on borrowings	1.37	0.18
Interest accrued and due on borrowings	-	0.33
Unpaid dividend	12.75	11.41
<b>Total</b>	<b>1942.85</b>	<b>1585.53</b>

# Notes to Consolidated Financial Statements

## 17 Provisions

### A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>For employee benefits</b>		
Gratuity (refer note. 25(1a))	509.68	440.19
Compensated absence (refer note. 25(1b))	126.43	112.31
<b>Others</b>		
Restoration liability	30.32	27.75
<b>Total</b>	<b>666.43</b>	<b>580.25</b>

### B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>For employee benefits</b>		
Gratuity (refer note. 25(1a))	32.89	28.56
Compensated absence (refer note. 25(1b))	6.91	6.18
<b>Others</b>		
Warranties	1057.88	861.49
<b>Total</b>	<b>1097.68</b>	<b>896.23</b>

### 17.1

(₹ in Lakhs)

Particulars	Opening balance	Provision recognized	Provision utilized	Closing balance
Provision for warranty	861.49	211.99	15.60	1057.88

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

## 18 Current tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for income tax	908.47	1790.15
Less: Advance tax	40.63	915.90
<b>Total</b>	<b>867.84</b>	<b>874.25</b>

## 19 Other liabilities

### A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Creditors for capital expenditure*	18567.17	18711.05
<b>Total</b>	<b>18567.17</b>	<b>18711.05</b>

\*Creditors for capital expenditure of ₹ 16963.07 lakhs is covered by letter of credit (part of 25000 lakhs term loan) from Union Bank of India, which is secured by first charge on land and building and hypothecation of plant & machinery and other assets of the Unit-2 at Mekaguda Gram Panchayat, Dooskal Village, Ranga Reddy District.

# Notes to Consolidated Financial Statements

## 19 Other liabilities (Contd..)

### B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance received from customers	965.46	458.40
Creditors for capital expenditure	2852.62	2078.85
Statutory liabilities	129.93	104.77
Other liabilities	2018.19	1226.23
<b>Total</b>	<b>5966.20</b>	<b>3868.25</b>

## 20 Trade payables

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a) total outstanding dues of micro enterprises and small enterprises	46.30	15.38
b) total outstanding dues of creditors other than micro enterprises and small enterprises	4554.65	3347.29
<b>Total</b>	<b>4600.95</b>	<b>3362.67</b>

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

(₹ in Lakhs)

Sl. No. Particulars	As at March 31, 2021	As at March 31, 2020
a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end	-	12.43
b) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	1.80	3.36
c) Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	93.90	15.39
d) Interest paid, under section 16 of MSMED Act, to suppliers registered under the Act, beyond the appointed day during the year	3.18	-
e) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	1.80	1.23
f) Interest accrued and remaining unpaid at the end of accounting year	1.80	1.64
g) Further interest remaining due and payable for earlier years	-	1.72

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

## 21 Revenue from operations

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sale of products	29413.19	39268.69
Sale of services	90.40	122.34
<b>Total</b>	<b>29503.59</b>	<b>39391.03</b>

# Notes to Consolidated Financial Statements

## 22 Other income

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest income on		
Bank deposits	29.09	34.87
Others	104.49	42.70
Income tax refund	0.64	-
Scrap sales	38.99	34.46
Insurance claim	0.68	0.59
Commission Income	0.26	3.23
Sundry credit balances written back	13.60	-
Profit on sale of property, plant & equipment	6.13	1.21
Exchange gain	387.44	400.55
Gain on modification of lease	24.48	29.17
Rent & Hire charges received	-	2.00
Miscellaneous Income	0.43	0.42
<b>Total</b>	<b>606.23</b>	<b>549.20</b>

## 23 Cost of raw material consumed

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening stock	1612.27	1863.69
Add: Purchases	9721.10	11155.74
	<b>11333.37</b>	<b>13019.43</b>
Less: Closing stock	2777.34	1612.27
<b>Total</b>	<b>8556.03</b>	<b>11407.16</b>

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Inventories at the beginning of the year</b>		
Finished goods	5293.00	5364.57
Work-in-progress	249.57	499.52
Stock-in-trade	31.67	39.43
	<b>5574.24</b>	<b>5903.52</b>
<b>Inventories at the end of the year</b>		
Finished goods	5096.88	5293.00
Work-in-progress	317.67	249.57
Stock-in-trade	23.03	31.67
	<b>5437.58</b>	<b>5574.24</b>
<b>Total</b>	<b>136.66</b>	<b>329.28</b>

# Notes to Consolidated Financial Statements

## 25 Employee benefits expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages, bonus & allowances	3078.76	3746.49
Contribution to provident fund and other funds	198.22	207.63
Retirement benefits	162.12	164.78
Staff welfare expense	150.67	225.79
<b>Total</b>	<b>3589.77</b>	<b>4344.69</b>

### 25.1 Employee benefits:

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Defined contribution plan</b>		
Employer's contribution to provident fund	181.97	183.88

#### Defined benefit plan

The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The employees' gratuity fund scheme managed by a trust (Funded with Life Insurance Corporation of India for Granite Division of the parent company) is a defined benefit plan.

The obligation for compensated absence is recognized in the same manner as gratuity.

#### a) Retiring gratuity:

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Change in defined benefit obligations:</b>		
Obligation at the beginning of the year	624.11	521.53
Current service costs	83.86	73.50
Interest costs	41.15	38.71
Remeasurement (gain)/losses	(24.26)	34.58
Benefit paid	(44.01)	(44.21)
<b>Obligation at the end of the year</b>	<b>680.85</b>	<b>624.11</b>

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Change in plan assets:</b>		
Fair value of plan assets at the beginning of the year	155.36	195.28
Interest income	11.08	15.74
Remeasurement gain/(losses)	0.75	(15.63)
Employers' contributions	15.10	4.18
Benefits paid	(44.00)	(44.21)
<b>Fair value of plan assets at the end of the year</b>	<b>138.29</b>	<b>155.36</b>

# Notes to Consolidated Financial Statements

## 25.1 Employee benefits: (Contd..)

Amounts recognised in the balance sheet consists of:

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Fair value of plan assets	(138.29)	(155.36)
Present value of obligation	680.85	624.11
	<b>542.56</b>	<b>468.75</b>
Recognised as:		
Retirement benefit liability - Current	32.89	28.56
Retirement benefit liability - Non-current	509.68	440.19

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Employee benefits expenses:</b>		
Current service costs	83.86	70.70
Interest costs	30.07	22.97
Past service cost -(vested benefits)	-	24.35
	<b>113.93</b>	<b>118.02</b>
<b>Other comprehensive income:</b>		
(Gain)/loss on plan assets	(0.75)	15.63
Actuarial (gain)/loss arising from changes in demographic Assumption	-	-
Actuarial (gain)/loss arising from changes in financial assumption	20.50	55.22
Actuarial (gain)/loss arising from changes in experience adjustments	(44.74)	(19.94)
	<b>(24.99)</b>	<b>50.91</b>
<b>Expenses recognised in the statement of profit and loss</b>	<b>88.94</b>	<b>168.93</b>

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

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate (per annum)	6.56%	6.69%
Rate of escalation in salary (per annum)	8.00%	8.00%

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

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

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

As at March 31, 2021

(₹ in Lakhs)

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 733.58 lakhs, increase by ₹ 584.97 lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 729.29 lakhs, decrease by ₹ 587.35 lakhs



# Notes to Consolidated Financial Statements

## 25.1 Employee benefits: (Contd..)

As at March 31, 2020

(₹ in Lakhs)

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 700.78 lakhs, increase by ₹ 559.50 lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 696.60 lakhs, decrease by ₹ 561.84 lakhs

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

### b) Compensated absence:

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Change in defined benefit obligations:</b>		
Obligation at the beginning of the year	118.49	90.44
Current service costs	44.35	37.14
Interest costs	7.74	6.65
Remeasurement (gain)/losses	(34.06)	(7.25)
Benefit paid	(3.17)	(8.49)
<b>Obligation at the end of the year</b>	<b>133.35</b>	<b>118.49</b>

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Fair value of plan assets at the beginning of the year</b>	-	-
Interest income	-	-
Remeasurement gain/(losses)	-	-
Employers' contributions	3.19	8.49
Benefits paid	(3.19)	(8.49)
Fair value of plan assets at the end of the year	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>

Amounts recognised in the balance sheet consists of:

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value of plan assets	-	-
Short term compensated absence liability	-	-
Present value of obligation	133.35	118.49
	<b>133.35</b>	<b>118.49</b>
<b>Recognised as:</b>		
Retirement benefit liability - Current	6.91	6.18
Retirement benefit liability - Non-current	126.44	112.31

# Notes to Consolidated Financial Statements

## 25.1 Employee benefits: (Contd..)

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Employee benefits expenses:</b>		
Current service costs	44.35	35.25
Interest costs	7.74	6.65
Past Service cost	-	4.85
	<b>52.09</b>	<b>46.75</b>
<b>Other comprehensive income:</b>		
(Gain)/loss on plan assets	-	-
Actuarial (gain)/loss arising from changes in demographic Assumption	-	(0.66)
Actuarial (gain)/loss arising from changes in financial assumption	1.52	11.90
Actuarial (gain)/loss arising from changes in experience adjustments	(35.58)	(17.64)
	<b>(34.06)</b>	<b>(6.40)</b>
<b>Expenses recognised in the statement of profit and loss</b>	<b>18.03</b>	<b>40.35</b>

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

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate (per annum)	6.56%	6.69%
Rate of escalation in salary (per annum)	8.00%	8.00%

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

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

As at March 31, 2021

(₹ in Lakhs)

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 150.77 lakhs, increase by ₹ 118.86 lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 150.11 lakhs, decrease by ₹ 119.13 lakhs

As at March 31, 2020

(₹ in Lakhs)

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹ 134.37 lakhs, increase by ₹ 105.33 lakhs
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹ 133.78 lakhs, decrease by ₹ 105.55 lakhs

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

## 26 Depreciation & Amortization expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on Property, plant & equipment (owned assets)	1931.90	2041.57
Depreciation on Property, plant & equipment (leased assets) (refer note.42 )	202.23	275.44
Amortization on intangible assets	4.31	4.31
<b>Total</b>	<b>2138.44</b>	<b>2321.32</b>

# Notes to Consolidated Financial Statements

## 27 Finance costs

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on borrowings:		
- Banks (net off of refund of ₹1.13 lakhs (previous year ₹Nil)	639.82	755.78
- Others	1344.97	1242.31
Interest expense on lease liability(refer note.42)	83.30	155.53
Interest on taxes / duties	55.79	54.22
<b>Total</b>	<b>2123.88</b>	<b>2207.84</b>

## 28 Other expenses

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores & spares	2360.26	2652.01
Packing material	362.91	478.60
Processing & job work exp.	252.51	256.10
Power and fuel	1372.05	1525.89
Repairs and maintenance:		
- Plant and machinery	90.54	99.37
- Building	3.22	2.43
- Others	41.75	49.37
Cutter and driller charges	239.63	251.83
Rent (refer note.42)	27.39	15.90
Rates and taxes	63.71	57.81
Deferred lease expense written off	8.59	11.68
Insurance	173.51	188.07
Communication charges	42.09	47.73
Printing & stationery	22.92	35.80
Travelling & conveyance expenses	9.91	192.23
Electricity charges	32.05	50.89
Vehicle maintenance	126.81	132.62
Auditors remuneration	21.77	21.73
Advertisement	5.92	21.64
Professional & consultancy	271.30	431.30
Commission to non-executive directors	13.73	26.18
Directors sitting fees	20.00	18.00
Donations	221.20	5.46
CSR activity expenses	628.05	15.00
Fees & subscriptions	27.82	23.67
Government royalty and dead rent	687.33	424.66
Carriage outwards	1091.18	1649.57
Sales commission	12.22	7.36
Discounts and claims	51.10	53.80
Business promotion expenses	238.35	600.32
Sundry debit balances written off	0.13	-
Allowance for credit losses	19.83	26.07
Provision for warranties	211.99	294.74
Sales tax	2.41	1.10
Exchange Loss (Net)	-	139.95
Bank charges	88.11	110.87
Impairment / loss on sale of PPE	44.65	17.07
Miscellaneous expenses	98.89	48.04
<b>Total</b>	<b>8985.83</b>	<b>9984.86</b>

# Notes to Consolidated Financial Statements

## 28.1 - Auditors remuneration

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Statutory audit	20.00	20.00
Certification	1.53	1.25
Out of pocket expenses	0.24	0.48

## 28.2 - Corporate social responsibility (CSR)

Corporate social responsibility (CSR) as per section 135 of the Companies Act, 2013, the Company is required to spend ₹ 171.31 lakhs ( till March 31, 2020 is ₹ 456.74 lakhs), being 2% of the average net profits during the three immediately preceding financial years, towards CSR activity. The Company has made a contribution of ₹ 17.72 lakhs (March 31, 2020 ₹ 15 lakhs) to facilitate health, education and environmental sustainability. Company has recognised an amount of ₹ 610.33 lakhs towards CSR expenses in the statement of Profit & Loss.

### Unspent amount on CSR

(₹ in Lakhs)

Particulars	Year ended March 31, 2021
As on 01.04.2020	456.74
Amount deposited in specified fund withing six months	-
Amount required to be spent during the year	171.31
Amount spent during the year	(17.72)
<b>Closing balance</b>	<b>610.33</b>

### Details of ongoing Project

(₹ in Lakhs)

Particulars	With Company	In Separate CSR unspent A/c
	As at March 31, 2021	As at March 31, 2021
As on 01.04.2020	456.74	-
Amount required to be spent during the year	171.31	-
Amount spent during the year	(17.72)	-
<b>Closing balance</b>	<b>610.33</b>	<b>-</b>

## 29 Effective tax rate

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Income taxes</b>		
<b>A) Income tax expense/(benefit) recognised in the statement of profit and loss</b>		
Current tax	908.47	3053.33
Less: MAT credit entitlement	(834.78)	-
Deferred tax	1539.12	(1057.31)
Deferred tax on comprehensive income	14.87	(19.73)
Tax in respect of earlier years	79.10	10.40
<b>Total</b>	<b>1706.78</b>	<b>1986.69</b>
<b>B) Reconciliation of income tax expense</b>		
Profit / (loss) before tax	4520.81	9079.33
Other comprehensive Income	59.07	(44.51)
Effective tax rate	29.29%	29.50%
<b>Computed effective tax expense</b>	<b>1341.56</b>	<b>2665.34</b>

# Notes to Consolidated Financial Statements

## 29 Effective tax rate (Contd..)

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Tax effect of:</b>		
Expenses disallowed	1033.29	1027.37
Allowable items from IT act	(2232.67)	(568.20)
Setoff against carryover losses	(68.80)	-
Long term capital gain	0.31	-
Deductions under IT act	-	(71.18)
<b>Current tax provision (A)</b>	<b>73.69</b>	<b>3053.33</b>
<b>Continued operations</b>		
Incremental deferred tax liability on account of PPE and intangible assets	1551.33	(844.83)
Incremental deferred tax asset on account of financial assets and other items	2.66	(232.21)
<b>Deferred tax provision (B)</b>	<b>1553.99</b>	<b>(1077.04)</b>
<b>Tax expense recognised in the statement of profit and loss (A+B)</b>	<b>1627.68</b>	<b>1976.29</b>
<b>Effective tax rate</b>	<b>35.54%</b>	<b>21.87%</b>

Note: As per section 115BAA of Income Tax Act 1961, domestic companies have an option to pay Corporate income tax rate at 22% plus applicable surcharge and cess ("New tax rate") subject to certain conditions.

The Holding Company has opted for paying income tax at reduced rate as per new section 115BAA in the Income Tax Act, 1961 and accordingly provided income tax at the prescribed rates in the above statements. The Subsidiary company has made an assessment of impact of section in the previous year and decided to continue with the old tax structure until utilization of accumulated Minimum Alternate Tax (MAT) credit basis of future profitability projections. Further, Ind-AS 12 requires deferred tax assets and liabilities to be measured using the enacted (or substantively enacted) tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse. The Group has made estimates, based on its budget, regarding income anticipated in foreseeable future year when those temporary differences are expected to reverse and measured the same at new tax rate. Accordingly, the Group has re-measured the outstanding deferred tax balances that is expected to be reversed in future at new tax rate.

## 30 Earnings per share (EPS)

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(i) Face value of equity share (in ₹)	2.00	2.00
(ii) Weighted average number of equity shares outstanding	31004000	31004000
(vii) Profit for the year (total operations)	2828.90	7072.91
(viii) Weighted average earnings per share (basic and diluted) (in ₹)	9.12	22.81

## 31 Related party disclosures :

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

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

#### a) Names of the associates:

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

#### b) Names of Key management personnel

Gautam Chand Jain, Rahul Jain, Vishwanatha Reddy

# Notes to Consolidated Financial Statements

## 31 Related party disclosures : (Contd..)

### c) Names of relatives

Raaj Kumar Jain, Ashok Chand Jain, Vidya Jain, Rekha Jain, Anju Jain, Ritu Jain, Pratik Jain, Neha Jain, Megha Jain, Nidhi Jain, Gautam Chand Jain (HUF), Prakash Chand Jain (HUF), Karvy Data Management Services Ltd

### d) Name of executive & non-executive director

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

### A. Compensation of Key management personnel of the Group

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Short-term employee benefits	451.94	714.98
Post-employment pension, provident fund and medical benefits	0.88	0.90
Termination benefits*	-	-
<b>Total compensation paid to Key management personnel</b>	<b>452.82</b>	<b>715.88</b>

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

### B. Transactions with key management personnel and other related parties - 2020-21 (2019-20)

(₹ in Lakhs)

Nature of the transaction	Key Management personnel	Executive/ Non-executive directors	Associates / other related parties	Relatives	Total
<b>Purchases</b>					
Goods and services, net	-	-	10.80	-	10.80
	-	-	(13.83)	-	(13.83)
<b>Sales</b>					
Goods and services, net	-	-	0.26	1.21	1.47
	-	-	(1.96)	-	(1.96)
Job work	-	-	0.24	-	0.24
	-	-	(4.10)	-	(4.10)
<b>Expenses</b>					
Remuneration	452.59	22.23	-	-	474.82
	(715.88)	(19.97)	-	-	(735.85)
Commission & Sitting fee	-	33.70	-	-	33.70
	-	(44.20)	-	-	(44.20)
Rent & taxes	5.92	8.74	34.33	95.60	144.59
	(5.84)	(8.47)	(32.58)	(92.24)	(139.13)
Interest	418.39	24.78	782.82	-	1225.99
	(393.14)	(57.93)	(755.84)	-	(1206.91)
<b>Dividend</b>					
Dividend	88.11	2.64	-	14.67	105.42
	(88.12)	(2.64)	-	(14.66)	(105.42)
<b>Loans &amp; advances</b>					
Loans received	522.10	-	-	-	522.10
	(260.00)	-	-	-	(260.00)
<b>Carrying amount</b>					
Payables	4438.17	20.38	7108.41	-	11566.96
	(3632.86)	(554.30)	(6543.93)	(56.37)	(10787.46)
Rent deposit - receivable	-	8.33	23.20	97.82	129.35
	-	(8.33)	(23.20)	(97.82)	(129.35)

# Notes to Consolidated Financial Statements

## 31 Related party disclosures : (Contd..)

Disclosure in respect of material transactions with KMP and other related parties during the year:

(₹ in Lakhs)

S. Particulars No	Relationship	Year ended March 31, 2021	Year ended March 31, 2020
<b>1 Purchases</b>			
<b>Goods &amp; Services, net</b>			
Pokarna Fabrics Pvt Limited	Associate	7.00	9.37
Pokarna Textiles	Associate	0.18	-
Southend	Associate	-	0.38
Southend Extension	Associate	-	0.02
Karvy Data Mgt services Ltd	Related party	-	4.00
Pokarna Marketing Pvt Ltd	Associate	3.62	0.06
<b>2 Sales</b>			
<b>Goods &amp; Services, net</b>			
Pokarna Marketing Pvt Ltd	Associate	-	1.79
Southend Extension	Associate	0.26	0.17
Anju Jain	Relative	0.01	-
Chaya Jain	Relative	0.14	-
Pratik Jain	Relative	1.06	-
<b>Job Work</b>			
Southend Extension	Associate	0.03	1.60
Southend	Associate	-	0.47
Pokarna Fashions Pvt Limited	Associate	-	0.17
Pokarna Marketing Pvt Ltd	Associate	0.21	1.07
Pokarna Fabrics Pvt Limited	Associate	-	0.79
<b>3 Expenses</b>			
<b>Remuneration</b>			
Gautam Chand Jain	Key management personnel	274.51	523.87
Rahul Jain	Key management personnel	110.23	120.23
Apurva Jain	Executive director	22.23	19.97
Viswanatha Reddy	Key management personnel	63.64	64.12
Mahesh Inani	Key management personnel	4.21	7.66
<b>Commission &amp; Sitting fee</b>			
Prakash Chand Jain	Non-executive director	6.61	9.24
Mahender Chand Chordia	Non-executive director	6.61	9.24
Meka Yugandhar	Non-executive director	6.61	9.24
T.V.Chowdary	Non-executive director	6.61	8.24
Vinayak Rao Juvvadi	Non-executive director	5.61	8.24
Jayshree Rajesh Sanghani	Non-executive director	1.65	
<b>Rent &amp; taxes</b>			
Pokarna Fabrics Pvt Limited	Associate	34.33	32.58
Gautam Chand Jain	Key management personnel	5.92	5.84
Prakash Chand Jain	Non-executive director	8.74	8.47
Gautam Chand Jain (HUF)	Relative	14.70	14.18
Prakash Chand Jain (HUF)	Relative	15.27	14.74
Vidya Jain	Relative	8.74	8.47
Ritu Jain	Relative	14.27	13.92
Pratik Jain	Relative	7.77	7.18
Rekha Jain	Relative	17.25	16.57
Ashok Chand Jain (HUF)	Relative	11.68	11.34
Anju Jain	Relative	5.92	5.84
<b>Interest</b>			
Pokarna Fabrics Pvt Limited	Associate	640.23	614.72
Pokarna Marketing Pvt Limited	Associate	142.59	141.12
Gautam Chand Jain	Key management personnel	263.60	243.84



# Notes to Consolidated Financial Statements

## 31 Related party disclosures : (Contd..)

(₹ in Lakhs)

S. No	Particulars	Relationship	Year ended March 31, 2021	Year ended March 31, 2020
	Rahul Jain	Key management personnel	154.79	149.30
	Prakash Chand Jain	Non-executive director	24.78	57.93
	<b>Dividend</b>			
	Gautam Chand Jain	Key management personnel	85.12	85.12
	Vidya Jain	Relative	3.00	3.00
	Neha Jain	Relative	3.00	3.00
	Rahul Jain	Key management personnel	2.99	2.99
	Prakash Chand Jain	Non-Executive Director	2.64	2.64
	Anju Jain	Relative	2.64	2.64
	Raaj Kumar Jain	Relative	2.64	2.64
	Ashok Chand Jain	Relative	2.64	2.64
	Megha Jain	Relative	0.75	0.75
4	<b>Loans &amp; Advances</b>			
	<b>Loans received</b>			
	Gautam Chand Jain	Key management personnel	522.10	260.00
5	<b>Carrying amount</b>			
	<b>Payables</b>			
	Pokarna Fabrics Pvt Limited	Associate	5867.74	5330.49
	Pokarna Marketing Pvt Limited	Associate	1240.67	1211.30
	Gautam Chand Jain	Key management personnel	2956.19	2337.22
	Rahul Jain	Key management personnel	1454.75	1286.26
	Viswanatha Reddy	Key management personnel	27.23	7.98
	Mahesh Inani	Key management personnel	-	1.40
	Apurva Jain	Executive director	6.68	2.38
	Prakash Chand Jain	Non-executive director	2.61	519.21
	Nidhi Jain	Relative	-	5.86
	Neha Jain	Relative	-	16.44
	Vidya Jain	Relative	-	11.63
	Pratik Jain	Relative	-	9.70
	Ritu Jain	Relative	-	12.74
	Mahender Chand Chordia	Non-executive director	2.61	8.29
	Meka Yugandhar	Non-executive director	2.61	8.29
	T.V.Chowdary	Non-executive director	2.61	8.29
	Vinayak Rao Juvvadi	Non-executive director	2.61	7.84
	Jayshree Rajesh Sanghani	Non-executive director	0.65	-
	Karvy Data Management Services Ltd	Related party	-	2.14
	<b>Rent deposit receivable</b>			
	Pokarna Fabrics Pvt Limited	Associate	23.20	23.20
	Prakash Chand Jain	Non-executive director	8.33	8.33
	Gautam Chand Jain (HUF)	Relative	16.44	16.44
	Prakash Chand Jain (HUF)	Relative	17.10	17.10
	Rekha Jain	Relative	16.48	16.48
	Anju Jain	Relative	19.80	19.80
	Ashok Chand Jain & Sons	Relative	11.34	11.34
	Vidya Jain	Relative	8.33	8.33
	Pratik Jain	Relative	8.33	8.33

# Notes to Consolidated Financial Statements

## 32 Contingent liabilities and commitments

### 32.1 Contingent liabilities :

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a. Letter of credits outstanding	130.12	320.42
b. Bank guarantee	10.60	12.53
<b>c. Claims against the Group / disputed liabilities not acknowledged as debts:</b>		
i) Income tax matters, pending decisions on various appeals made by the Group and by the department. Amount deposited ₹ 1.85 lakhs (previous year ₹ nil lakhs)	151.12	159.58
ii) Excise matters (including service tax), Amount deposited ₹ 23.06 lakhs (previous year ₹ 5.57 lakhs)	396.39	396.34
iii) Customs matters, Amount deposited ₹ nil lakhs (previous year ₹ nil lakhs)	75.91	75.91
iv) Sales tax matters, amount deposited ₹ 34.97 lakhs (previous year ₹ 34.97 lakhs)	266.05	266.05
v) Mines & Geology matters, amount deposited ₹ Nil (previous year ₹ 8.17 lakhs)	1016.94	1106.81
vi) Cross subsidy charges payable to Central Power Distribution Company	52.53	52.53
vii) Cross subsidy charges payable to state power distribution company	10.91	10.91
viii) As per the amendment in The Payment of Bonus Act, 1965 notified on 1 January 2016, which was effective retrospectively from 1st April, 2014, the Group on the legal advice decided not to implement in view of the interim order dated 26th April, 2016 of Hon'ble Andhra Pradesh High Court allowing stay on the amendment with retrospective effect till the time its constitutional validity is established.	72.03	72.03
ix) Other matters disputed	204.21	204.21
x) Disputed claim towards supplier payment for which company expects no liability.	18.13	-

### 32.2 Capital commitments

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Estimated amount of contracts remaining to be executed on capital account not provided for	497.38	2933.62

### 32.3 Other Commitments:

- Granite processing units of the parent company situated at Aliabad and Toopronpet village are registered as a 100% export oriented units ("EOU"), and are exempted from Customs and Central Excise duties and levies on imported & indigenous capital goods and stores & spares. The Company has executed a Bond Cum Legal Undertaking to pay Customs duty, Central Excise duty, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores & spares, consumed duty free, in the event that certain terms and conditions are not fulfilled. As on 31st March, 2021, the Company has a positive Net Foreign Exchange Earning, as defined in the Foreign Trade Policy 2009-2014 and 2015-2021 wherever applicable.
- Obligations towards environmental protection measures in respect of quarry leases ₹ 212.63 lakhs (previous year ₹ 164.63 lakhs).
- The undertaking of the subsidiary company situated at Atchutapuram, Visakhapatnam being a SEZ has executed a legal undertaking for obligations regarding proper utilization and accountable of goods, including capital goods, stores & spares, raw materials, components and consumables including fuels, imported or procured duty free and regarding achievement of positive net foreign exchange earning. As on 31st March, 2021, the Company has a positive Net Foreign Exchange Earning, as defined in the SEZ Act, 2005.
- The undertaking of the subsidiary company situated at Mekaguda Gram panchayat and Dooskal village, Ranga Reddy Dist. is registered as a 100% export oriented unit ("EOU"), and is exempted from customs and central excise duties, GST and levies on imported & indigenous capital goods and stores & spares. The company has executed a bond cum legal undertaking to pay customs duty, central excise duty, GST, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores & spares, consumed duty free, in the event that certain terms and conditions are not fulfilled. As on 31st March, 2021, company has commenced its operations in the month of March 2021 and expects a positive net foreign exchange earning, as defined in the foreign trade policy 2009-2014 and 2015-2021 wherever applicable.

# Notes to Consolidated Financial Statements

## 32 Contingent liabilities and commitments (Contd..)

- v) The Group is also involved in other lawsuits, claims, investigations and proceedings, including trade mark and commercial matters, which arise in the ordinary course of business. However, there are no material claims on such cases.
- vi) The date of implementation of the Code of Wages 2019 and Code on Social Security, 2020 is yet to be notified by the Government. The Company is in the process of assessing the impact of these Codes and will give effect in the financial results when the Rules/Schemes thereunder are notified.

### 32.4 Lease commitments of short term lease and low value lease

Lease commitments are the future cash out flows from the lease contracts which are not recorded in the measurement of lease liabilities. These include potential future payments related to leases of low value assets and leases with term less than twelve months.

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Not later than One year	11.92	11.82
Later than one year and not later than five years	-	-

## 33 Segment Reporting

### Disclosure of segment reporting for the year 2020-21 (2019-20):

#### (a) Information about Primary Business Segments:

(₹ in Lakhs)

Description	Granite	Apparel	Quartz Surfaces	Total
Sales to external customers	7411.03 (7113.66)	227.76 (600.60)	21864.80 (31676.77)	29503.59 (39391.03)
Inter segment sales	35.60 (13.58)	19.03 (1.97)	- -	54.63 (15.55)
Total revenue	7446.63 (7127.24)	246.79 (602.57)	21864.80 (31676.77)	29558.22 (39406.58)
<b>Segment results</b>				
Profit / (loss)	958.01 (167.18)	(469.12) (-397.68)	6155.80 (11517.67)	6644.69 (11287.17)
Interest expenses				2123.88 (2207.84)
Income tax				1691.91 (2006.42)
Profit after tax				2828.90 (7072.91)
<b>Other segment information:</b>				
Capital expenditure	371.13 (35.72)	9.32 (30.39)	8605.24 (39200.83)	8985.69 (39266.94)
Depreciation	767.97 (850.62)	245.68 (371.91)	1124.79 (1098.79)	2138.44 (2321.32)
<b>Particulars of segment assets and liabilities:</b>				
Segment assets	12942.13 (12586.81)	2071.49 (2550.15)	85290.56 (76842.87)	100304.18 (91979.83)
Segment liabilities	7575.90 (7028.82)	751.61 (1071.58)	55419.82 (50009.66)	63747.33 (58110.06)

# Notes to Consolidated Financial Statements

## 33 Segment Reporting (Contd..)

### (b) Information about secondary segments – geographical

Revenue attributable to location of customers is as follows

(₹ in Lakhs)

Geographical Market	Year ended March 31, 2021				Year ended March 31, 2020			
	Granite	Apparel	Quartz Surfaces	Total	Granite	Apparel	Quartz Surfaces	Total
U S A	1358.09	-	19569.08	20927.17	2462.34	-	28033.58	30495.92
China	2438.80	-	-	2438.80	2283.37	-	-	2283.37
India	2764.92	227.75	651.52	3644.19	1476.63	600.60	771.41	2848.64
Rest of the world	849.23	-	1644.20	2493.43	891.32	-	2871.78	3763.10
<b>Total</b>	<b>7411.04</b>	<b>227.75</b>	<b>21864.80</b>	<b>29503.59</b>	<b>7113.66</b>	<b>600.60</b>	<b>31676.77</b>	<b>39391.03</b>

The entire activity pertaining to sales outside India is carried out from India.

#### Notes:

- The group has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system and which is also the basis on which the Chief Operating Decision Maker (CODM) reviews and assess the Group's performances. The operations predominantly relate to Granite, Apparel and Quart Surfaces segments.
- Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on reasonable basis.
- The Group's exposure to customers is diversified and there are two customer who contributes more than 10% each of the total revenue for the year ended March 31, 2021 and only one customer for the year ended March 31, 2020 for Granite segment and there are two customers who contributes more than 10% each of the total revenue for the year ended March 31, 2021 and March 31, 2020 for Quartz surfaces segment.

## 34 Project development & pre-operative expenses

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

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Amount brought forward	2250.20	63.98
<b>Payments to and Provisions for Employees:</b>		
- Salaries, wages and Allowances	239.05	138.10
- Contribution to Provident Fund and other funds	7.49	4.61
- Workmen and Staff welfare expenses	43.39	17.06
Power & Fuel	102.90	40.19
Hire charges	-	4.82
Security charges	22.94	17.42
Insurance	107.73	17.92
Communication charges	13.31	6.06
Depreciation	14.14	5.79
Printing & stationary	0.97	0.72
Factory Maintenance	23.68	11.13
Rent	5.72	3.23
Vehicle Maintenance	24.40	11.72
Professional consultancy charges	3.07	3.61
Repairs & Maintenance charges	0.79	0.19
Rates & Taxes	9.37	-
Conveyance	7.07	10.83

# Notes to Consolidated Financial Statements

## 34 Project development & pre-operative expenses (Contd..)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
General Expenses	1.70	1.24
Exchange loss	(1148.13)	1344.79
Interest and Finance Charges	826.88	641.01
Bank charges	(24.28)	36.38
Interest Received	(99.40)	(130.60)
Less: Amount Capitalised	(2432.99)	-
<b>Balance to be carried forward</b>	<b>-</b>	<b>2250.20</b>

## 35 Capital management

- The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity.
- The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.
- The Group's adjusted net debt to equity ratio is as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Gross debt	30653.24	28750.62
Less: Cash and bank balances	3734.10	3598.41
Adjusted net debt	26919.14	25152.21
Total equity	36556.85	33869.77
Adjusted net debt to equity ratio	0.74	0.74

## 36 Financial instruments

Accounting classifications and fair values

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

31st March 2021

(₹ in Lakhs)

Particulars	Carrying amount			Fair value		
	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>						
Security Deposit	546.90	-	546.90	-	546.90	-
Deferred payment charges	446.27	-	446.27	-	446.27	-
<b>Financial assets not measured at fair value</b>						
Other loans	344.98	-	344.98	-	-	-
Accrued interest	99.44	-	99.44	-	-	-
Trade receivables	4341.21	-	4341.21	-	-	-
Cash and cash equivalents	3734.10	-	3734.10	-	-	-
<b>Total</b>	<b>9512.90</b>	<b>-</b>	<b>9512.90</b>	<b>-</b>	<b>993.17</b>	<b>-</b>

# Notes to Consolidated Financial Statements

## 36 Financial instruments (Contd..)

(₹ in Lakhs)

Particulars	Carrying amount			Fair value		
	Other financial assets -amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
<b>Financial liabilities measured at fair value</b>						
Lease liability	544.96	-	544.96	-	544.96	-
<b>Financial liabilities not measured at fair value</b>						
Secured bank loans	19441.78	-	19441.78	-	-	-
Secured other loans	8.87	-	8.87	-	-	-
Loans from related parties	11202.59	-	11202.59	-	-	-
Trade payables	4600.95	-	4600.95	-	-	-
Accrued interest	1.37	-	1.37	-	-	-
Unpaid dividend	12.75	-	12.75	-	-	-
<b>Total</b>	<b>35813.27</b>	<b>-</b>	<b>35268.31</b>	<b>-</b>	<b>-</b>	<b>-</b>

31st March 2020

(₹ in Lakhs)

Particulars	Carrying amount			Fair value		
	Other financial assets-amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>						
Security Deposit	579.90	-	579.90	-	579.90	-
Deferred payment charges	1955.43	-	1955.43	-	1955.43	-
<b>Financial assets not measured at fair value</b>						
Other loans	305.90	-	305.90	-	-	-
Accrued interest	104.49	-	104.49	-	-	-
Trade receivables	3379.02	-	3379.02	-	-	-
Cash and cash equivalents	3598.41	-	3598.41	-	-	-
<b>Total</b>	<b>9923.15</b>	<b>-</b>	<b>9923.15</b>	<b>-</b>	<b>2535.33</b>	<b>-</b>
<b>Financial liabilities measured at fair value</b>						
Lease liability	799.49	-	799.49	-	799.49	-
<b>Financial liabilities not measured at fair value</b>						
Secured bank loans	18529.46	-	18529.46	-	-	-
Secured other loans	18.09	-	18.09	-	-	-
Loans from related parties	10203.07	-	10203.07	-	-	-
Trade payables	3362.67	-	3362.67	-	-	-
Accrued interest	0.51	-	0.51	-	-	-
Unpaid dividend	11.41	-	11.41	-	-	-
<b>Total</b>	<b>32924.70</b>	<b>-</b>	<b>32924.70</b>	<b>-</b>	<b>799.49</b>	<b>-</b>

The fair value of financial instruments is determined using discounted cash flow analysis. The carrying amount of current financial assets and liabilities are considered to be the same as their fair values, due to their short term nature. The fair value of the long-term borrowings with floating-rate of interest is not impacted due to interest rate changes, and will be evaluated for their carrying amounts based on any change in the under-lying credit risk of the Company borrowing (since the date of inception of the loans). For financial assets and liabilities that are measured at fair value, the carrying amount is equal to the fair values.

# Notes to Consolidated Financial Statements

## 37 Financial risk management objectives and policies

### I. Overview

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

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

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

### II. Risk management framework:

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

#### • Credit risk

- Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.
- Trade and other receivables: The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

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

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
Not due	2794.00	2142.61
Upton 1 year	1383.10	1050.85
1 to 2 years	87.12	95.50
2 to 3 years	219.92	134.53
More than 3 years	302.82	161.85
<b>Total</b>	<b>4786.96</b>	<b>3585.34</b>

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

(₹ in Lakhs)		
Movements in allowance for credit losses of receivables is as below:	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	206.32	180.26
Charge in statement of profit and loss	19.84	26.06
Release to statement of profit and loss	-	-
Utilised during the year	-	-
<b>Balance at the end of the year</b>	<b>226.16</b>	<b>206.32</b>



# Notes to Consolidated Financial Statements

## 37 Financial risk management objectives and policies (Contd..)

- iii) Cash and cash equivalents: The Group held cash and cash equivalents of ₹ 1210.52 lakhs as at 31 March 2021 (previous year ₹ 1108.25 lakhs). The cash and cash equivalents are held with public sector banks and leading private sector bank. There is no impairment on cash and cash equivalents as on the reporting date and the comparative period.
- iv) In respect of financial guarantees provided by the Parent Company to banks and financial institutions, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

### • Liquidity risk

- i) Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.
- ii) The Group aims to maintain the level of its cash and cash equivalents and investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The Group also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities. This excludes potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disaster.
- iii) Exposure to Liquidity risk

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

### 31st March 2021

(₹ in Lakhs)				
Particulars	Carrying amount	1 year or less	1-3 years	More than 3 years
Borrowings- secured	19450.63	8058.63	2416.13	8975.87
Borrowings- un-secured	11202.60	-	-	11202.60
Trade payables	4600.95	4600.95	-	-
Other financial liabilities	559.08	162.29	223.56	173.23

### 31st March 2020

(₹ in Lakhs)				
Particulars	Carrying amount	1 year or less	1-3 years	More than 3 years
Borrowings- secured	18547.54	5815.37	3361.77	9370.40
Borrowings- un-secured	10203.07	-	-	10203.07
Trade payables	3362.67	3362.67	-	-
Other financial liabilities	811.41	230.28	367.63	213.50

### • Market risk

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

# Notes to Consolidated Financial Statements

## 37 Financial risk management objectives and policies (Contd..)

(₹ in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
Currency	USD	EURO	USD	EURO
Borrowings	11462.19	-	11621.80	-
Trade receivables	3458.75	0.03	2776.66	30.97
Trade and other payables ( including payable for capital goods)	119.07	20872.51	123.68	20111.50
Interest accrued but not due	-	-	-	-
Cash & Bank balances ( Including deposits)	291.28	168.30	346.31	264.15
<b>Total</b>	<b>15331.29</b>	<b>21040.84</b>	<b>14868.45</b>	<b>20406.62</b>

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

A 10% appreciation/depreciation of the foreign currencies with respect to functional currency of the Group would result in an increase/decrease in the Group's net profit before tax by approximately ₹ 2853.51 lakhs for the year ended March 31, 2021 (previous year ₹ 2849.59 lakhs).

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

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased profit or loss by ₹ 81.43 lakhs ( previous year ₹ 146.63 lakhs). This analysis assumes that all other variables remain constant.

- i) **Operational risk** is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.
- ii) The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.
- iii) The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:
- Requirements for appropriate segregation of duties, including the independent authorization of transactions
  - Requirements for the reconciliation and monitoring of transactions
  - Compliance with regulatory and other legal requirements
  - Documentation of controls and procedures
  - Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
  - Requirements for the reporting of operational losses and proposed remedial action
  - Development of contingency plans
  - Training and professional development
  - Ethical and business standards
  - Risk mitigation, including insurance when this is effective.
- iv) Compliance with Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and Board of the Group.

# Notes to Consolidated Financial Statements

## 38 Disclosure required u/s.186(4) of the companies act, 2013

Particulars of security / guarantee	Name of the company	Purpose for which loan / guarantee is proposed to be utilised by recipient
Pledge of Equity Shares	Pokarna Engineered Stone Limited (wholly owned subsidiary)	Security by way of pledge of 51% investment in equity shares of subsidiary lenders for credit facilities availed by them. (Fund based ₹ 8477 lakhs and non-fund based ₹ 1650 lakhs.)
Corporate Guarantee	Pokarna Engineered Stone Limited (wholly owned subsidiary)	Corporate Guarantee to the bankers on behalf of subsidiary for the facilities availed by them to the extent of ₹ 25000 lakhs.

**39** Pokarna Engineered Stone Limited (“PESL”) was selected by the U.S. Department of Commerce (“USDOC”) as a “mandatory respondent” to both Countervailing duty (“CVD”) and Antidumping duty (“ADD”) investigations on the imports of quartz surface products from India and as a result, PESL has received unique company specific rates :

Final Subsidy Rate		Final Dumping Rate	
CVD	Cash Deposit	AD	Cash Deposit
2.34%	2.34%	2.67%	0.33%

These CVD and AD rates are subject to further adjustment through administrative reviews to be completed by the USDOC. First administrative review for each of CVD and ADD is expected to commence in July 2021 and PESL is planning to participate in these reviews.

There is no impact on the financials of the company.

## 40 Estimation of uncertainties relating to the global health pandemic from COVID-19 :

The outbreak of Corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Group’s operations and revenue during the period were impacted due to COVID-19. The Group has taken into account the possible impact of COVID-19 in preparation of the audited standalone financial statements, including its assessment of recoverable value of its assets based on internal and external information upto the date of approval of these audited consolidated financial statements and current indicators of future economic conditions.

**41** During the year, the subsidiary company has incurred one time inventory write-down of ₹ 462.15 lakhs (previous year - Nil-) on finished goods to cover risks arising from slow-moving items, discontinued products, excess inventories and net realizable value lower than cost.

## 42 Leases disclosures

### As a Lessee

#### Movement in lease liability during the year:

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Opening balance as on 01.04.2020	799.49	-
Additions on account of adoption of Ind As 116	-	1410.74
Adjustments on modification of leases	(130.08)	(448.16)
Interest expenses on lease liability	83.30	155.53
Principal payments of lease liability	(207.75)	(318.62)
<b>As at 31st March 2021</b>	<b>544.96</b>	<b>799.49</b>
Current	145.89	184.22
Non Current	399.07	615.27
<b>Amounts recognised in the statement of cash flows</b>		
Payments for leases In financing activity	207.75	318.62

# Notes to Consolidated Financial Statements

## 42 Leases disclosures (Contd..)

### As a Lessee (Contd..)

#### Amounts recognised in statement of profit or loss

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense on leased assets	202.23	275.44
Interest expense on lease liability	83.30	155.53
Rent expense-Short term leases and leases of low value assets	27.39	15.90
<b>Total amount recognised in Profit or loss</b>	<b>312.92</b>	<b>446.87</b>

**43** The Group evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 21st June 2021, there are no subsequent events to be recognised or reported that are not already disclosed.

## 44 Dividend:

The dividend declared by the parent company are based on the accumulated profits available for distribution as reported in the financial statements of the company. On June 21, 2021, the Board of Directors of the company have proposed a dividend of ₹ 0.60 per share in respect of the year ended 31st March, 2021 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 186.02 lakhs.

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

**46** The financial statements for the year ended 31st March 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 21st June 2021.

In terms of our report attached

For and on behalf of Board of Directors

**For K.C.Bhattacharjee & Paul**

Chartered Accountants  
(F.No.303026E)

**Gautam Chand Jain**

Chairman & Managing Director  
(D.No: 00004775)

**Meka Yugandhar**

Director  
(D.No: 00012265)

**Manoj Kumar Bihani**

Partner  
Membership No. 234629

**Rahul Jain**

Managing Director  
(D.No: 00576447)

**Apurva Jain**

Executive Director  
(D.No: 06933924)

Place : Hyderabad

Date : 21st June, 2021

**M Viswanatha Reddy**

Chief Financial Officer

**Babita Chandrakar**

Company Secretary



## Notes

**Quantra**  
**quartz**

**STANZA**<sup>®</sup>  
Sameness Deleted





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