ANNUAL REPORT
2019-20

POKARNA LIMITED

Resiliently Shaping Our Future

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Scan QR code to know more about the Company

This Report is also available online on 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.

Periods of volatility often dampen the spirit to decisively move ahead.

But, our resilience defines our capacity to absorb stress, mend critical functionality and prosper in altered circumstances. It is our enthusiasm to consistently recalibrate our efforts and attune ourselves to the demands of an evolving market that keeps us poised to take on challenges – head on.

As we explore alternate avenues to explicitly design our future, we are embracing change and shaping our perspectives to grow and develop amidst crisis. At Pokarna, we realize the need to navigate disruptions to ensure business continuity. Thus, with every shift and turn, we are bolstering our efforts, recouping our capabilities and identifying our strengths to resiliently shape our future.

Himalaya 5000 Quantra Quartz Surface

Pokarna at a Glance

With over three decades of experience, Pokarna Limited is one of the leading exporters of Granite and the largest exporter of Quartz surface. We produce and deliver superior quality, innovative products to customers across the globe.

Established in 1991, our products today are renowned for its quality, uniqueness, design and variation. Our state-of-the-art manufacturing facilities are equipped with specialized Bretonstone® technology, used for producing Quartz surfaces. Our strong presence in 23 countries and a robust distribution network enables us to maintain uninterrupted and steady supply of products. Our Quartz surfaces are marketed under the brand name Quantra, while our granite products are sold under the Pokarna brand. We also have apparel manufacturing & retailing business under STANZA brand.

1991
Acquired black Galaxy granite Quarry at chimakurthy

1996
Made our first inorganic acquisition of a sick granite processing unit and turned it around

2000
Acquired and turned around another sick granite processing unit

2004
Commenced commercial operations at apparel manufacturing facility and launched brand STANZA

2009
Commenced commercial production of quartz surfaces and launched brand quantra

Our five pillars

Value our people

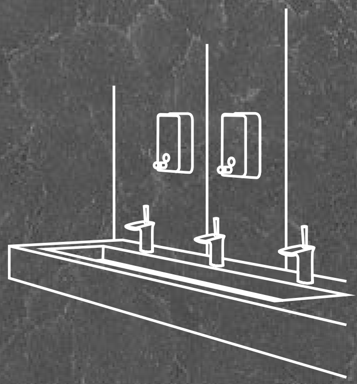
Health, safety and sustainability

Embrace Technology and Innovation

Operating Performance

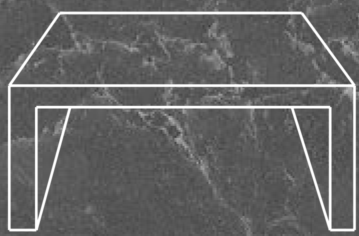
Focus on Profitable Growth

Quartz Application

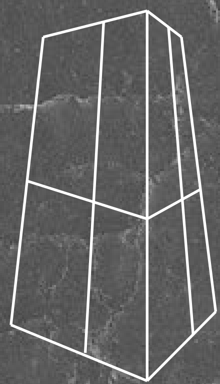


Bathroom

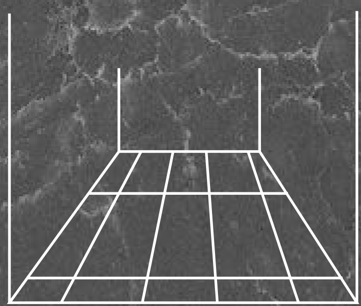
Kitchen countertops



Furniture



Cladding



Flooring

Masaccio 7500 Quantra Quartz Surface

Numbers that matter

2

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

2

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

29

Years of experience

20+

Countries of presence

50.27%

5-year CAGR growth of Net worth

8.76%

5-year CAGR growth of Cash and Cash equivalent

8.41%

5-year CAGR growth of EPS

1

State-of-the-art Apparel manufacturing facility at Telangana

10+

Captive Quarries located in Andhara Pradesh, Telangana and Tamil Nadu

Note: All the above figures are on Consolidated basis

Our core competencies

Leveraging our core competencies....

Lasting partnerships

We believe in forging lasting relations with our customers, business partners and other key stakeholders. It enables us to ensure business sustainability and efficiency across operations.

Cutting edge 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 utilize it. We continuously strive to introduce cutting edge technology within our operations to increase our efficiency and produce superior quality products at cost effective rates.

Robust presence

Over the years, we have successfully established a strong foothold in more than 23 countries across the globe. Our revenue from export accounts for 73% of our total revenue share.

Strong product pipeline

We have leveraged our expertise and experience to develop a strong product pipeline that is at par with the highest standards of quality. Our wide portfolio of products allow customers to pick and choose varied products, based on individual requirements.

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.

Talented and trained team

Our strong leadership and committed team ensures effective implementation of strategies and enables us to strive for greater success. We constantly invest in our people, motivating them to participate in training & skill development initiatives. Further, we aim to attract the best talent in the industry while retaining our existing pool of competitive employees.

Experience and expertise

With over three decades of experience, we can quickly respond & adapt to changes within the industry. We constantly leverage our expertise to strategically stay ahead of the curve and expand our operations.

We are 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 uplftment
- 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

- Timely payment of dues
- Mutually beneficial relationship
- Creating and maintaining long-standing relationship

Chairman's Message

As we look ahead, we remain motivated to grow despite challenges.

Dear Shareholders,

Thank you for your support of Pokarna as one of our shareholders. FY 20 has been a year of progress in implementing our strategy to drive long-term growth notwithstanding the difficult market environment and US tariff hangover.

In FY 20, the resilience of our business faced a test like never before. Pokarna's consolidated income declined 14.78% to ₹ 393.91 crores and consolidated profit after tax declined 12.33% to ₹ 70.73 crores, largely reflecting the challenging market environment. While sales were short of expectation in FY2020 as demand softened in several key markets and some external delays and disruptions impacted the industry, we maintained our focus on improving the things we can control. A concerted effort to reduce overhead costs, align our operations with demand and optimise margins enabled EBITDA margins to increase from 33% to 35%.

We recognise the importance of dividends to our shareholders and are proud of our stable dividend history. The Board has recommended a dividend of 30% as we believe that it is prudent to align the dividend level with earnings and the current market outlook.

Calendar 2020 so far is proving to be an enormously challenging year for everyone – for governments, businesses, communities, and for all of us as individuals. Construction and commercialisation of our green field quartz surfaces facility has been delayed by about nine months due to the impact of COVID-19 pandemic. The emotional, mental and economic stresses as a result of the COVID-19 pandemic and necessary restrictions are profound. Given these external factors, the business outlook for FY2021 would be challenging and returning to growth may take some time. We are taking decisive actions to prudently preserve cash and protect our Company for the long term, including by:

- reducing costs and discretionary expenditure across the entire business;
- right-sizing operations including temporary closures to align production with current and expected lower activity levels;
- rigorously managing cash flow and working capital; and
- reducing non-essential capital expenditure.

“Our Company has established a competitive advantage within the global quartz surfaces industry, with unrivalled technical expertise, strong relationships with key suppliers and partners, and a unique market strategy focussed on style and a premium product positioning.

Along the way we are certain to face challenges, but our team is experienced, patient and resourceful at navigating challenges- and doing so with integrity, trust and respect. Our Company has established a competitive advantage within the global quartz surfaces industry, with unrivalled technical expertise, strong relationships with key suppliers and partners, and a unique market strategy focussed on style and a premium product positioning. As the external environment may get more complicated going forward, we need to keep enhancing the competitiveness of our products and services.

The progress we made this year is the result of the combined efforts of many people, including our dedicated employees who serve our customers and help us return value to our shareholders. I would also like to take this opportunity to thank my fellow Board members for the contributions they make to our Company.

On behalf of everyone at Pokarna, thank you for your support and we wish you a happy and healthy year ahead.

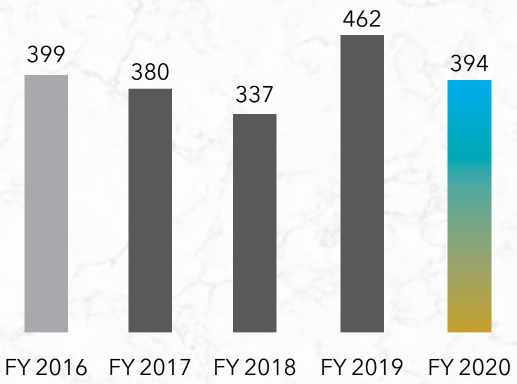
Sincerely,

Gautam Chand Jain
Chairman & Managing Director

Financial Highlights

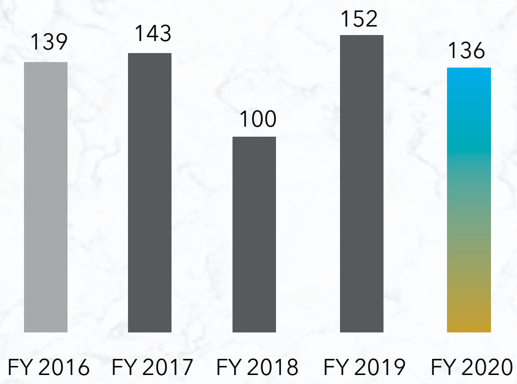
Revenue from operations

(₹ in crore)



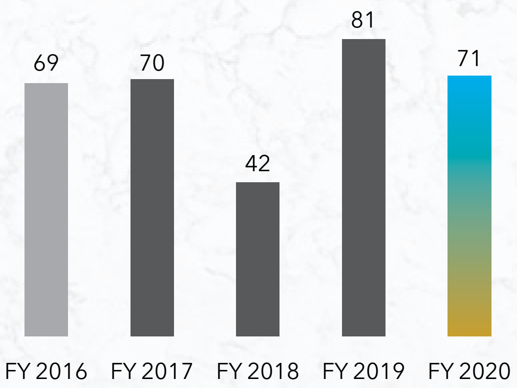
EBITDA

(₹ in crore)



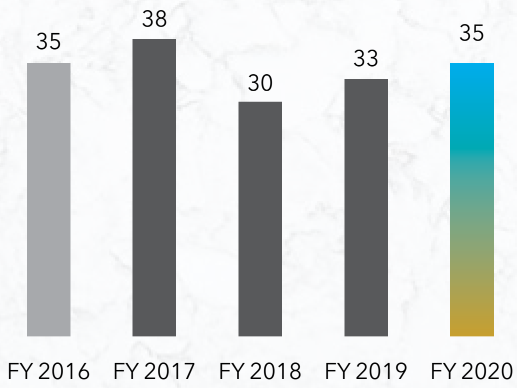
PAT

(₹ in crore)



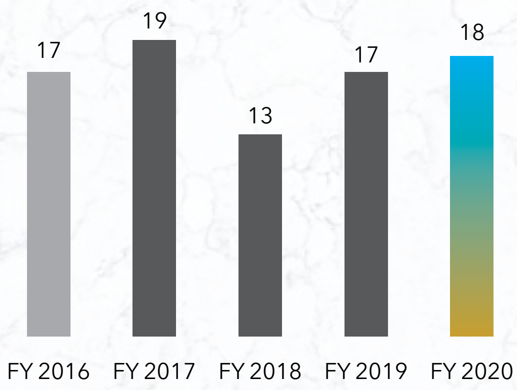
EBITDA Margin

(in %)

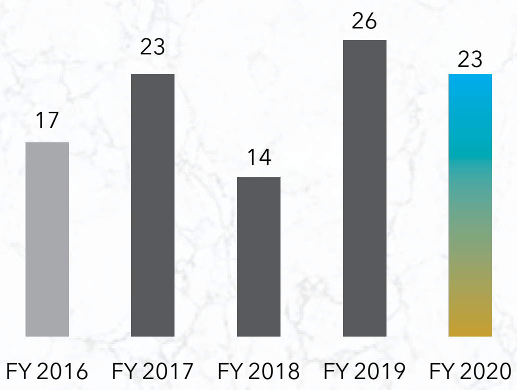


Note: All the above figures are on Consolidated basis

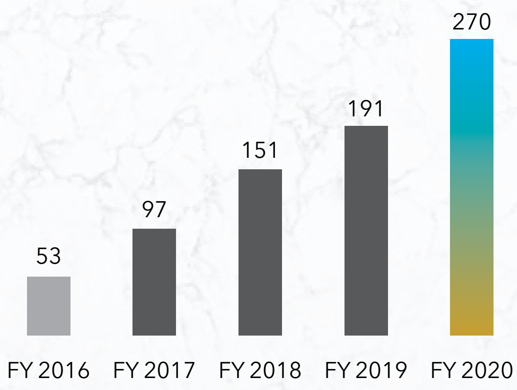
PAT Margin
(in %)



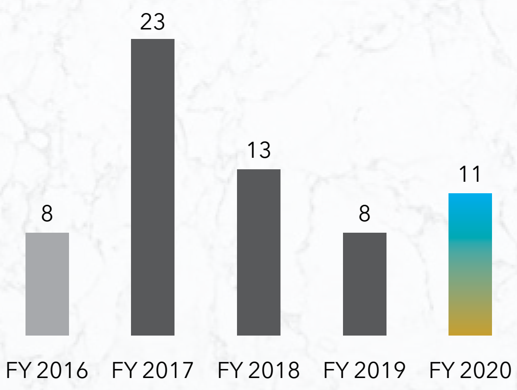
EPS
(in ₹)



Net worth
(₹ in crore)



Cash and Cash equivalent
(₹ in crore)

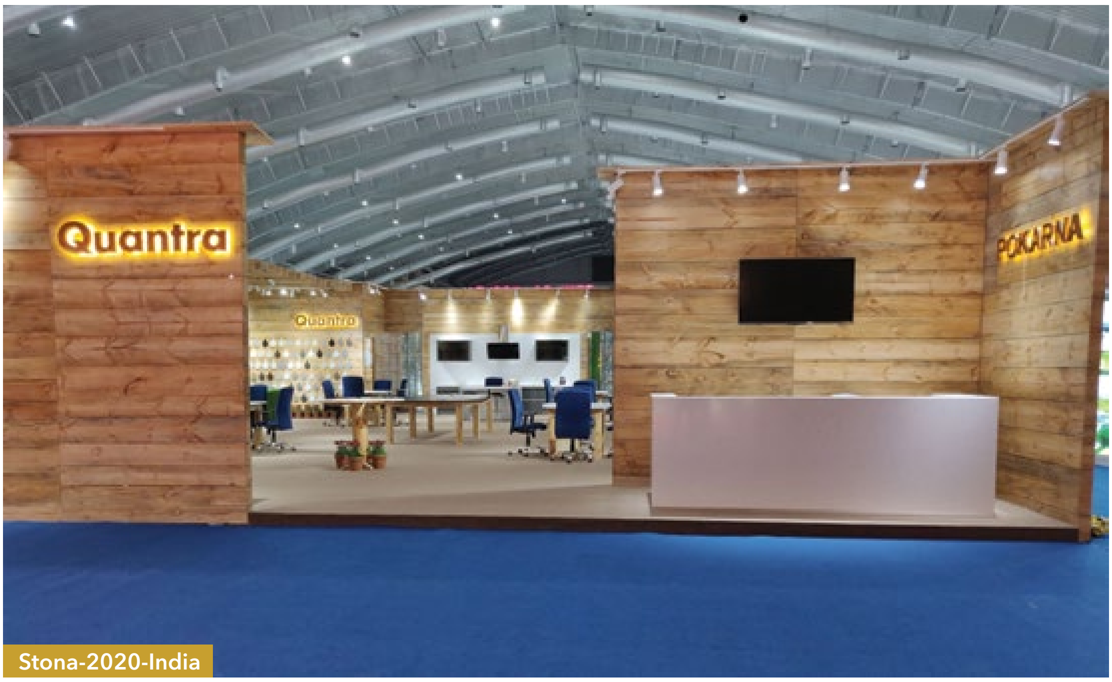


7699 - Donatello Quantra Quartz Surface

Strengthening Brand Recall

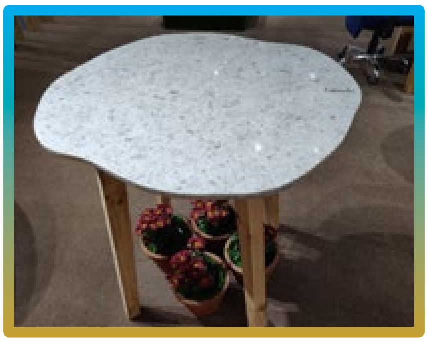
Pokarna, today, is synonymous with exceptional products and we take great pride in promoting our brand as a trusted and preferred brand. We continue to improve our offerings and have created a niche for our products in Indian and international markets. To enhance brand recall, we regularly participate in exhibitions and trade shows, thereby improving the reach of our products to a wider consumer base.

KBIS-USA-2020



Stona-2020-India






Quantra

Natural quartz surfaces from Pokarna

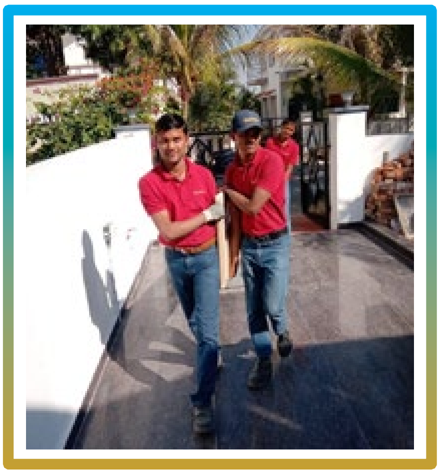
Stona-2020

Award and Recognition

Pokarna Engineered Stone Limited, our wholly owned subsidiary, was adjudged as the winner in manufacturing category in Zee Business - Dare to Dream Awards - Season 2.

Bespoke Services

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

For Further Details scan the QR Code

Corporate Information

Board of Directors

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Independent Director

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Non-Executive Director

Mr. Rahul Jain
Managing Director

Mrs. Apurva Jain
Executive Director

Statutory Auditors

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

Internal Auditor

Mr. M. Murali Jaganmohan
Chartered Accountant, Hyderabad

Secretarial Auditor

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

Cost Auditors

M/s DZR & Co
Cost Accountants, Hyderabad

Chief Financial Officer

Mr. M. Viswanatha Reddy

Company Secretary

Mr. Mahesh Inani

Listed On

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

Registrar and Share Transfer Agents

M/s. 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
Website: www.pokarna.com

CIN: L14102TG1991PLC013299

Factories

Granite Division

Unit - I

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

Unit - II

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

Apparel Division

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

Quartz Surfaces

Pokarna Engineered Stone Limited
Plot. No: 45, APSEZ, Achutapuram
Rambilli Mandal, Vishakapatnam,
Andhra Pradesh

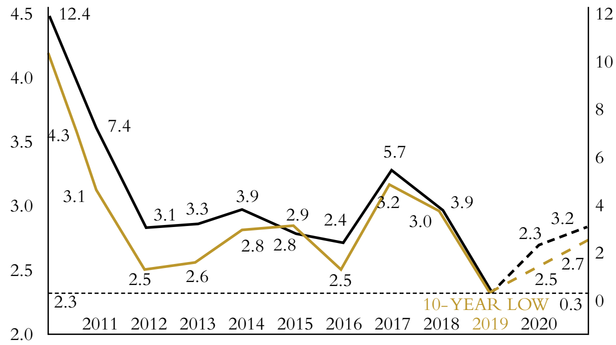
Management Discussion and Analysis

Global Economy Overview

Escalating trade tensions, tightening financial conditions, deteriorating risk sentiment, a slowdown in domestic investment, and rising policy uncertainties resulted in weak global economic growth in 2019. Global growth in 2019 recorded its weakest pace since the global financial crisis a decade ago, reflecting muted sentiments across countries. After growing at around 3.7% in 2018, the global economy saw a steep fall in 2019 and is anticipated to have grown at around 2.3%. Further, average real incomes in one-third of commodity-dependent developing countries, come to 870 million people, recorded the lowest levels of income since 2014 and it considerably impacted the global economy.

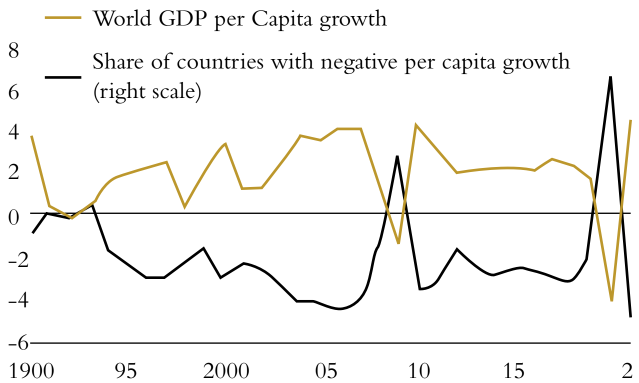
Weakening trade and subdued domestic investments are considered major reasons for the widespread slowdown witnessed around the world. In 2019, industrial production also declined and Global Manufacturing Purchasing Managers' Index (PMI) fell to its lowest level since 2012. In contrast, private consumption held up relatively well for most countries, supported by firm labour markets and modest inflationary pressures. Further, signs that household spending had started to moderate in several large economies, with consumers becoming less optimistic, dragged economic outlook.

Global economic growth



(Source: https://www.un.org/development/desa/en/)

World growth in GDP per Capita and Recessions (percent)



(Source: https://www.weforum.org/agenda/2020/04/imf-economy-coronavirus-covid-19-recession/)

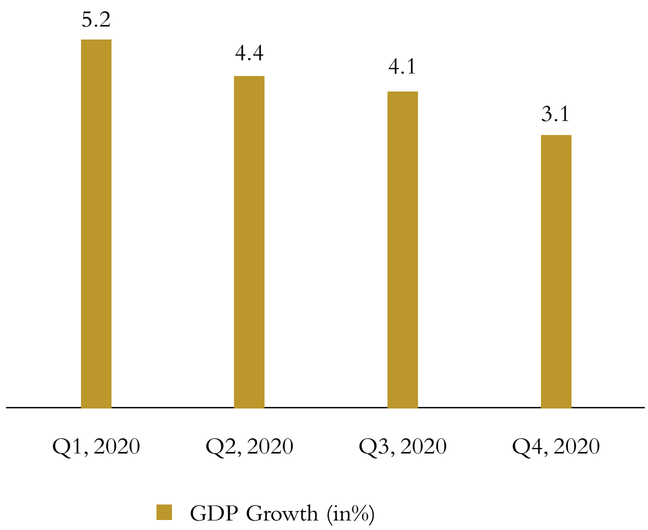
Outlook

The first quarter of 2020 looked promising with early signs of stabilization reinforced by favourable financial market sentiment. With supportive fiscal and monetary policies from central banks and rising domestic demand in emerging nations, economic revival seemed imminent. However, the Covid-19 pandemic proved to be a game changer, especially towards the end of March 2020 when countries were completely locked down and severe restrictions were imposed on manufacturing and supply chains. The virus outbreak affected millions, leading to massive loss of lives and compelled authorities to strictly stop all kinds of activity, bringing much of the world's economic activity to a halt. This is likely to impact global economic growth severely and according to the International Monetary Fund, the global GDP is likely to contract 3% in 2020, with possibilities for a partial recovery in 2021. By the end of the year, around 170 countries will be reeling under the impact of the Coronavirus pandemic, recording lower GDP per capita. However, an uptick in economic activities is expected from 2021.

Indian Economy Overview

A key player in the global economy, the Indian economy emerged as one of the fastest-growing economies in early 2018, driven by strong consumption demand and steady growth across major sectors. But 2019 proved to be a difficult year for the Indian economy, with the country's real estate, automobile, construction sectors, and overall consumption demand facing a serious and constant decline. After decelerating for 6 consecutive quarters, India's GDP growth in FY20 sustained a steep fall to register an estimated growth of 4.2%, the lowest since FY09 when GDP was 3.1% and well below the 5% rate, estimated at the end of February 2020.

Quarterly growth of the Indian Economy



(Source: https://economictimes.indiatimes.com/news/economy/indicators/indias-gdp-growth-in-q4-fy20-sinks-to-11-year-low/articleshow/76099894.cms)

Low wages and inequalities in income resulted in diminishing domestic demand and it emerged as the biggest impediment to India's economic growth. Further, subdued rural income, diminishing domestic demand (as reflected by a sustained fall in automobile sales), rapid decline in private investment, and curtailed credit financing from non-banking financial companies (NBFCs) further contracted demand. Banks also have shied away from financing large corporate projects, resulting in a steep fall in manufacturing and construction activities. The power sector was in an existential crisis for a major part of FY20 owing to non-honouring of PPAs, non-payment of dues, and falling tariffs. This led to the scaling down or closure of several power plants, a fact that could explain the falling IIP and declining manufacturing demand.

Economic growth was also marred by rigidities in the Indian labour market, marked by low labour force participation ratio, a high percentage of rural labour engaged in agriculture and the prominence of a large informal sector. Degrowth in almost all the core sectors also affected the Indian economy immensely. The agriculture and allied sector recorded a growth of just 2.8% in FY20 compared to 6.3% in 2016-17, whereas the industrial sector is estimated to have grown at 2.5% in FY20, compared to 6.9% in 2018-19. The manufacturing sector is estimated to have grown at 2.0% during FY20. One of the core sectors of the Indian economy, the services sector also saw degrowth in FY20 and registered growth of 6.9% compared to 7.5% in FY19.

Outlook

During the year, the government undertook several decisive measures to boost the Indian economy. But, the outbreak of the Covid-19 pandemic in India is likely to have a severe impact on an ailing economy. The sheer scale of disruptions caused by the phased national lockdowns, adopted by the government to contain the outbreak, is unprecedented in Indian history. While the lockdown may have been necessary to limit the spread of the coronavirus, it completely stopped economic activity, resulting in massive job losses and a dramatic curtailment of production and infrastructural activities. Consumption demand, the bedrock of the Indian economy, also remained subdued due to collapsing incomes and rampant job losses. Further, investor confidence was severely affected as small entrepreneurs failed to cope with the economic challenges posed by the virus outbreak.

Owing to the extended lockdowns, the Indian economy is likely to contract to 4.5% in FY21. Further, the economy is likely to see a deeper contraction in fixed investment as businesses may choose to curtail capital expenditure to conserve cash amidst elevated economic uncertainty. This is anticipated to further affect prospects for a quick recovery.

The pandemic has paralyzed economies, compelling businesses to re-evaluate their strategies. Companies will need to build their financial muscle and focus on developing a lean structure to successfully navigate through an uncertain business environment. However, industry experts expect the Indian economy to bounce-back and record a growth of 6% in FY22, anticipating a gradual pick up in the latter half of FY21.

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.

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.

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. Indian granite has become the most sought-after and extensively used stone for construction and structural purposes around the world. It is also renowned in the international market, not only for its elegance and aesthetic quality, but also for its durability.

However, 2019 proved to be a difficult year for the Indian granite industry. According to industry players, factors such as lack of policy support from the government and implementation of GST resulted in a slowdown in exports. For the first 10 months of FY20, granite export from India was valued at US$ 618.5 million. The overall export for FY20 was marginally higher, compared to FY19. China emerged as the largest granite importer in FY20, followed by the UK and the US. India's total export to US in 2019 stood at US$ 149.5 million compared to US$ 145.4 million, an increase of just 2.82%. In 2019, granite production in India also declined due to the closure of several processing units.

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 Pokarna 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.

In May 2019, a U.S. producer petitioned the U.S. Department of Commerce (USDOC) and the U.S. International Trade Commission (USITC) to investigate alleged dumping by and subsidies to Indian quartz surface producers and to levy countervailing duty (CVD) and anti-dumping duty (ADD) against quartz surfaces imports from India. PESL was selected by the USDOC as a "mandatory respondent" to both ADD and CVD investigations and as a result, PESL received unique company specific rates. Final ADD and CVD determinations were announced by the USDOC on 27th April,2020, while the USITC issued an affirmative determination of injury on 28th May,2020. As a result, ADD and CVD determined on quartz surface from PESL are:

Final Dumping Rate 2018-19		Final Subsidy Rate	
ADD	Cash Deposit	CVD	Cash Deposit
2.67%	0.33%	2.34%	2.34%

The CVD and ADD rates are subject to further adjustment through administrative reviews to be completed by the USDOC and appeals available to PESL.

PESL categorically deny the U.S. allegations and strongly disagree with the current ADD and CVD determinations made by the USDOC.

The 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

Over the last couple of years, the global countertop market has grown rapidly owing to its demand in residential as well as commercial buildings.

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.

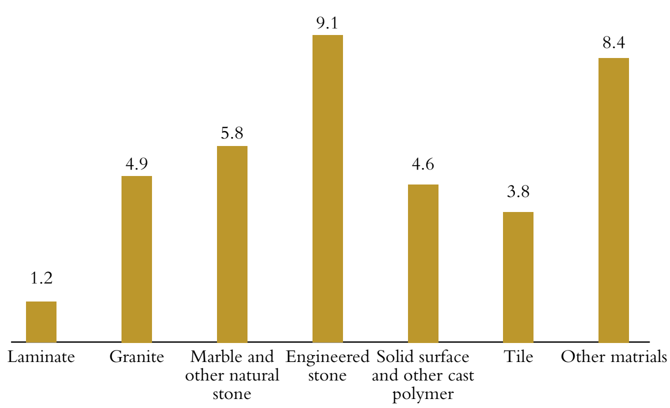
Boosted by these favourable factors, the global countertop market is expected to reach USD 42.1 billion by 2024, exhibiting a CAGR of 6%, from USD 31.4 billion in 2019. In terms of volume, the demand for countertops in the US market is likely to grow at a CAGR of 2.8% to touch 932 million square feet by 2024, from 810.4 million square feet in 2019. The demand for engineered stone countertops is also expected to rise 6.9% per year, to touch 230 million square feet by 2024.

Factors that are likely to drive growth of the engineered stone countertop market are:

- Rise in average share of area for kitchens and bathrooms in new housing
- Growing investments in home renovation
- Rising preference for costly, high-end countertop materials such as natural and engineered stone
- Shifting demand from traditional laminate products
- Growing preference for aesthetically appealing alternatives to laminate
- Growing consumer preference for surfaces similar to natural stone

Engineered stone accounted for the second largest share (32%) of the overall countertop market in 2019. Aided by strong volume growth and increasing average prices, it is expected to lead the countertop market by 2024.

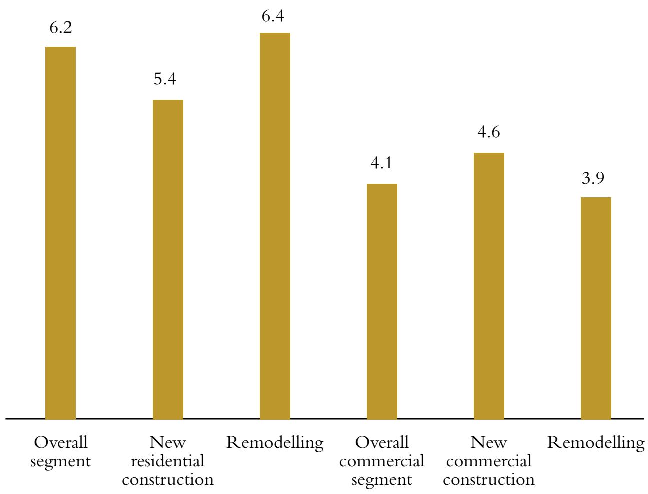
Countertop Demand* (Expected CAGR growth for the period 2019 to 2024)



(Source: The Freedonia Group)

*according to choice of Surface Material

Countertop Demand by market segment (Expected CAGR growth for the period 2019 to 2024)



(Source: The Freedonia Group)

The demand for kitchen countertop constitutes the highest share of total countertop demand and it is likely grow at a CAGR of 6.3% to reach a market size of USD 25.6 billion by 2024, from USD 18.9 billion in 2019. Rising popularity of engineered countertops in the bathroom vanity market proved to be a major impetus for the quartz countertop industry and it is likely to drive growth in the near future. In terms of price, from $39 per square feet, it is expected to rise to $45 per square feet, growing at a CAGR of 2.9%.

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

The Covid-19 pandemic in the first quarter of 2020 and the subsequent lockdown had halted economic activities for more than 50 days. This has seriously impacted business across the world. Organizations experienced unprecedented disruptions, hampering production and distribution significantly. Industries across the board were impacted due to the Covid-19 crisis. While some displayed stronger defences, others have struggled to adapt to a 'new normal'. The uncertain business environment affected the countertop industry as well.

Housing sales plummeted since the Covid-19 outbreak and renovations have been stalled indefinitely. According to the National Association of Realtors (NAR), price of homes are expected to rise by 1.1% only and sales are anticipated to drop by 15% in 2020. Moreover, building and construction companies have reported widespread project delays, postponements and cancellations. All these are likely to have a negative impact on the countertop market as well.

According to the National Kitchen & Bath Association (NKBA), the kitchen and bath industry is likely to contract considerably in 2020 and expects the industry to witness decline of 13.7% in sales during 2020, down notably from the expected growth rate of more than 10.8% reported by NKBA in Q4 2019. A global economic recession coupled with an uncertain future tends to be the gravest challenge for the industry at the moment. Further, lockdowns imposed on account of the global pandemic is likely to impact retail sales in Q2 2020, which is expected to decline nearly 50%.

Growth of the countertop industry in US

The bathroom accessories market is poised to grow to USD 5.63 billion between 2020 and 2024, progressing at a CAGR of over 5%. Growing awareness about hygiene has encouraged consumers to invest more in various bathroom accessories and this is likely to drive the growth of this segment, which in turn is expected to augur well for the countertop industry.

Outlook for Granite & Quartz Surface

According to Freedonia's Global Countertops 2019 Report, demand in the global market for countertops is estimated at nearly 500 million meters square in 2020 and is expected to reach 540 million meters square by 2023 with a growth rate of 2.6% per annum during this period. This forecast takes into account many factors such as increasing income leading to increased construction, home repairs demand; increased government budget for renovation projects that use surface materials; and the increased demand for non-residential projects such as hotels, schools, hospitals, etc., especially in the Asia Pacific. The report suggests that there is a strong shift from the use of traditional materials such as laminated wood, synthetic resin, natural stone to quartz surface products because of their durability and versatile design. Therefore, in surface materials, quartz surface is forecasted to have the fastest growth rate in the near future. Our outlook for FY 21 remains cautious for both granite and quartz surface business due to the spread of COVID-19 pandemic and its potential impact on the global economy.

Indian textile and apparel industry overview

Contributing nearly 2.3% to the Indian GDP, the Indian textile and apparel industry is the second-largest employer in the country providing employment to approximately 45 million people. Valued at around US$ 139 billion in FY19, the Indian textile and apparel industry is likely to grow to US$ 220 billion by 2025-26, growing at a CAGR of 12%. One of the oldest industries in the Indian economy, the Indian textile and apparel industry accounts for 13% of industrial production, and 12% of the country's export earnings.

Today, India is the world's second largest exporter of textiles and apparel. However, FY20 was a challenging year for the Indian textile and apparel industry. Textile and clothing exports in FY20 stood at US$ 33.8 billion compared to US$ 35.9 billion in FY19, a 6% drop from a year ago period. Apparel exports too fell 4% to US$ 15.4 billion, from US$ 16.1 billion in 2018-19. Exports dropped almost 35% in March, in comparison to the same period last year.

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

Along with other sectors, the Covid-19 pandemic has also severely affected India's textile and apparel sector. Owing to massive disruptions in production and supply chains, demand remains subdued in the domestic as well as international markets. According to industry experts, revenues of Indian apparel companies are likely to fall by at least 10%-15% in FY21.

Challenges ahead

- With demand falling by more than 40%, rampant cancellation of manufacturing orders resulted in huge financial risks and excessive stockpiles for manufacturers.
- In the absence of fresh export orders and effective measures for economic revival, many garment producers will either be forced to shut shop or inflict stringent cost-cutting measures, including layoffs, which in turn is likely to interrupt production.
- In the wake of the Coronavirus pandemic, millions of migrant labourers were compelled to flee from cities to villages. Lack of skilled labour is therefore, expected to emerge as a growing problem for manufacturing units.
- The sector has been grappling with profitability issues due to a sharp decline in yarn exports and cheaper imports. The closures due to the recent pandemic further aggravated the situation.
- With more than two months of lockdown, the textile and apparel manufacturers are now facing issues with the longevity of various machinery, as prolonged closures tend to reduce the efficiency of several equipment used in the manufacturing process.

Factors to aid growth of Indian textile and apparel industry

Many countries around the world have been harbouring an anti-China sentiment, post the Covid-19 outbreak. It is likely to compel them to look for alternate sources of production. The textile and apparel industry in India showcases strengths across the value chain, with capacities to produce and deliver fibre, yarn, fabric and apparel. Contributing nearly 4% to the global textile market, the Indian textiles and apparel industry presents itself as a credible alternative for textile and apparel export. Further, the cost of production in India is lower in comparison to countries like China.

Owing to the low cost of production and a changing mindset, the Indian textile industry has the opportunity to overtake the market share of China, especially in the European Union and the United States, comprising around 60% of the global export market.

Growth drivers for the Indian textile industry

- Abundant raw material
- Presence across the textile value chain
- Competitive manufacturing costs
- Availability of skilled manpower
- Large and growing domestic market
- Rising per capita income, higher disposable incomes and preferences for brands
- Growing organized retail landscape & popularity of E-Commerce
- Increased focus on technical textiles due to growth of end-user industries

Government support for the Indian textile and apparel industry – Union Budget 2020-21

The Indian government in its latest budget has set aside ~₹ 3,515 crore (US$ 502.93 million) for the Ministry of Textiles and ₹ 80 crore (US$ 11.45 million) for Integrated Textile Parks.

Further, the Ministry of Textiles has allocated ₹ 690 crore (US$ 106.58 million) for setting up 21 readymade garment manufacturing units in seven states, for the development and modernization of the Indian textile sector.

National Technical Textiles Mission has been proposed from 2020-21 to 2023-24, at an estimated outlay of ₹ 1,480 crore (US$ 211.76 million).

The National Handloom Development Programme received ₹ 388.21 crore (US$ 55.55 million) and the Integrated Processing Development Scheme was offered ₹ 50 crore (US$ 7.15 million) in the Union Budget 2020-21.

100% Foreign Direct Investment has been allowed in the Indian Textile sector. Moreover, free trade with ASEAN has been allowed to boost exports.

Outlook

The fundamental strength of the Indian textile industry lies in its strong production base. The organized textile industry in India is characterized by the use of capital-intensive technology for mass production of textile and utilizes varied processes like spinning, weaving, processing, and apparel manufacturing.

But, the Covid-19 outbreak proved to be a hurdle for the Indian textile and apparel industry. The domestic apparel sector witnessed significant turbulence and the 2020 Spring-Summer season suffered a major setback. On the supply side, lockdowns have disrupted production. However, in the long run, with access to skilled manpower and a good market for textiles, the industry can compete in the global market and rapidly scale its market share globally.

Although, the short-term outlook for the textile industry isn't positive, in the long run, as the global economy continues to recover and the effects of the pandemic fade, the future of the Indian textile industry looks promising.

Company and business overview

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

Pokarna's wholly owned subsidiary - Pokarna Engineered Stone Limited ("PESL") is India's largest exporter of natural quartz surface 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

We believe that Pokarna Engineered Stone Limited (PESL) has leading-edge technology and proprietary processes that offers competitive advantages due to its ability to create a differentiated product line consisting of one of the industry's broadest offerings of designs and finishes. We also believe, PESL is building the world's most technologically advanced quartz surfaces facility and through this state-of-the-art facility, we would be developing more sophisticated designs mimicking luxury marble, quartzite and other exotic natural stone looks to distinguish our products in the market place and improve our margins.

Financial performance

The information provided in this section relate to the consolidated financial results pertaining to the year ended 31st March 2020. 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.

(₹ in Crore)

Particulars	2019-20	2018-19	YoY Change (in %)
Consolidated Revenue	393.91	462.22	**-14.78%**
Consolidated EBITDA	136.08	152.15	-10.56%
Consolidated PAT	70.73	80.68	-12.33%
Net Worth	338.70	270.46	+25.23%

Particulars	2019-20	2018-19	YoY Change (in %)	Reason for Change
Debtors Turnover (Days)	49	44	11	No significant change
Inventory Turnover (Days)	277	151	83%	Increased due to decline in turnover
Interest Coverage Ratio	-0.37	2.71	-114%	Decreased due to negative EBIT
Current ratio	1.01	0.99	2%	No significant change
Debt equity ratio	0.42	0.40	5%	No significant change
Operating profit Margin (%)	-0.03	0.11	-127%	Decreased due to decline in turnover and negative margins
EBITDA Margin (%)	13%	21%	-38%	
Net Profit Margin (%)	-6%	5%	-220%	
Return on Net Worth (%)	-4%	5%	-180%	

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.

Risk	Concern	Mitigant
Operational Risk	Quarrying activities of the Company are subject to the hazards and subsoil risk, i.e. the risk of known and unforeseeable effects and difficulties originating from the subsoil (all underground, geological risks).	We plan to mitigate this risk through the implementation of robust health and safety training and practices, supported by detailed procedures. The Company has instilled a zero-tolerance attitude for safety incidents at all levels of operations. All significant incidents on site are required to be reported to the Board of Directors. Other operational risks are mitigated using trained personnel, detailed monitoring of operations on a technical and geological basis to ensure that issues are identified and addressed promptly.

Risk	Concern	Mitigant
Quarry development Risk	Several of the Company's quarries and pits are at an early stage of development. As a result, there can be no assurance that the colour, texture, quality and other characteristics of the granite slabs processed and blocks mined from the quarries will be consistent with the material that has been quarried to date If the granite block extracted is of a lower quality than expected, then demand for, and the realisable price may be lower than expected.	We mitigate these risks with the use of highly trained quarry personnel and geologists, and the detailed assessment of the resource including, where appropriate, drilling, technical surveys and third-party reviews.

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

Risk	Concern	Mitigant
Environmental risks and hazards.	Company's quarrying operations are subject to environmental regulation. Environmental legislation is evolving in a manner that may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.	We mitigate these risks by developing policies and procedures to ensure that environmental standards are met in excess of current local legislation. We will continue to monitor evolving standards within each of its operating environments.

Risk	Concern	Mitigant
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

Risk	Concern	Mitigant
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.

Risk	Concern	Mitigant
Currency exchange rate fluctuations	We derive substantial income from exports. We have foreign currency loans and we also import some portion of our raw materials and a significant part of our consumables and capital equipment. Any volatility in the Currency exchange rate would therefore impact the Company.	We mitigate these risks by not speculating in forex. The Audit Committee reviews our forex-related matters periodically and suggests necessary courses of action as may be needed by businesses from time to time, and within the overall framework of our forex policy.

Risk	Concern	Mitigant
Operational turnaround of apparel business	Losses of the apparel division impact overall profitability of the Company.	We plan to mitigate this risk by focusing rigorously on improving performance of this business and become operationally positive.

Risk	Concern	Mitigant
Financial	PESL's capital plans include, from time to time, expansion, productivity improvement, technology upgrades, operating efficiency optimization and repair or replacement of its existing facilities and equipment. If the capital expenditures associated with these capital projects are greater than we have projected or if construction timelines are longer than anticipated, our financial condition, results of operations and cash flows may be adversely affected.	We mitigate these risks by using capital prudently. We believe our capital resources will be adequate to meet our current projected operating needs, capital expenditures and other cash requirements. We have track record of good relations with banks, and of raising borrowings in last few years. We have taken necessary steps to ensure that construction and operation timelines for the capital expenditure projects are within the time limits set.

Risk	Concern	Mitigant
Trade credit	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.

Risk	Concern	Mitigant
Trade Restrictions	Substantial portion of Company's products are exported to the US. Company's financial results are dependent on continued access to the US markets and tariffs and other trade barriers that restrict or prevent access represent a continuing risk to us.	We plan to mitigate this risk by diversifying into other markets and strengthening our position in non-US markets where we are already present.

Risk	Concern	Mitigant
People	The Company's efforts to continue its growth and efficient operations will place significant demand on its management resources. Our highly skilled workforce and experienced management team is critical to maintaining its current operations, implementing its development projects and achieving longer-term growth	We plan to mitigate this risk by continuously investing in initiatives which widen our talent pool. Our performance management system is designed to provide reward and remuneration structures and personal development opportunities to attract and retain key employees.

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

Human resource comprises a vital asset for the manufacturing and quarrying sector, owing to the limited availability of skilled manpower in the industry. Pokarna, one of the most established brands in the industry, focused on creating a strong team equipped to address a diverse range of competencies. Further, the Company adopted 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 strives to build a transparent and conducive work environment for its employees with an aim to enable holistic development. The Company also recognizes the importance of a favourable work-life balance for the creation of a motivated and committed workforce. Therefore, it allows employees exposure to varied job-specific roles and allows access to multiple skill development activities to sustain a progressive and inclusive work culture.

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 Twenty Ninth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 29TH ANNUAL GENERAL MEETING OF THE MEMBERS OF POKARNA LIMITED (THE COMPANY) WILL BE HELD ON 29TH SEPTEMBER, 2020, TUESDAY AT 11.00 A.M IST THROUGH VIDEO CONFERENCING ("VC") / OTHER AUDIO VISUAL MEANS ("OAVM") TO TRANSACT THE FOLLOWING BUSINESS(S):

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, 2020, the Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the reports of the Board of Directors and the Auditors report thereon; and

   (b) the Audited Consolidated Financial Statements of the Company consisting of the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the Auditors' Report thereon.

2. To declare Dividend on Equity Shares for the financial year 2019-20.

3. To appoint a Director in place of Mr.Prakash Chand Jain (DIN: 00084490), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business

4. **To approve continuation of payment of remuneration to Executive Directors who are Promoters or members of the Promoter Group in excess of the limits prescribed under SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.**

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

"RESOLVED 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-

(i) continuation of payment of remuneration as per existing terms and conditions approved by the shareholders to Mr. Rahul Jain, Managing Director at the Annual General Meeting held on 16th September,2016 who is a Promoter of the company; and

(ii) continuation of payment of remuneration as per existing terms and conditions approved by the shareholders to Mrs. Apurva Jain, Executive Director at the Annual General Meeting held on 14h September,2019 who is a Promoter of the company; and

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 above approval for payment of remuneration be valid till the expiry of term of the Managing Director and Executive Director.

RESOLVED FURTHER that the Board be and is hereby authorized to take all steps as may be necessary, proper and expedient to give effect to above Resolution

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

Sd/-
Mahesh Inani
Company Secretary
ACS No.A37577

Notes and Shareholder Information:

1. Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read together with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM (hereinafter referred to as "AGM' or "e-AGM"). In accordance with the Secretarial Standard-2 on General Meeting issued by the Institute of Company Secretaries of India (ICSI) read with Guidance/Clarification dated April, 15, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of 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. An Explanatory Statement under Section 102(1) of the Companies Act, 2013 ("the Act") is annexed hereto.

4. Additional information with respect to Director seeking re-appointment under Item No.3 above as required by Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and as required under Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, is detailed below and shall be read as part of this Notice:

Name	Mr. Prakash Chand Jain
DIN	00084490
Designation	Non-executive Director
Date of Birth	27.07.1959
Qualification	Bachelor of Commerce
Expertise in specific functional areas	General Management
Shareholding of as on 31st March,2020.	4,39,210/-
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	Brother of Mr. Gautam Chand Jain, Chairman & Managing Director and accordingly related to Mr. Rahul Jain, Managing Director (Son of Mr. Gautam Chand Jain) and Mrs. Apurva Jain Executive Director (Spouse of Mr. Rahul Jain).

5. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.

6. Since the AGM will be held through VC / OAVM, the route map of the venue of the Meeting is not annexed hereto.

7. 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 kvcr133@gmail.com with a copy marked to evoting@karvy.com.

8. 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 Tuesday, 29th September 2020 through email on companysecretary@pokarna.com The same will be replied by the Company suitably.

DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

9. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website https://www.pokarna.com/, websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of Company's Registrar and Transfer Agent, KFin Technologies Private Limited ("KFinTech") at https://evoting.karvy.com

10. For receiving all communication (including Annual Report) from the Company electronically:

    a. Members holding shares in physical mode and who have not registered / updated their email address with the Company are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at igrc@pokarna.com or to KFinTech at einward.ris@kfintech.com.

b. Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

11. 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 Wednesday,23rd September,2020 to Sunday, 27th September,2020. 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 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.

12. 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.

13. Members attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.

14. 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:

15. 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: 9:00 a.m. on Thursday, 24 September 2020

    End of remote e-voting: 5:00 p.m. on Monday, 28 September 2020

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., Tuesday, 22 September 2020.

The Board of Directors of the Company has appointed Mr. K.V Chalamareddy, Practicing Company Secretary, (FCS NO. 9268), as Scrutiniser to scrutinise 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.

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., Tuesday, 22 September 2020 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. Tuesday, 22 September 2020 may write to Karvy on the email Id: evoting@karvy.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.

vi. Information and instructions for remote e-voting:

I. A) In case a member receives an e-mail from KFinTech [for members whose e-mail addresses are registered with the Company/Depository Participant(s)]:

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

(b) Enter the login credentials i.e. User ID and password which is sent separately.

The e-voting event number + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit https://evoting.karvy.com or contact toll free number 1-800-3454-001 for your existing password.

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

(d) You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise 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.

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

(f) On successful login, the system will prompt you to select the e-voting event number for the Company i.e. Pokarna Limited.

(g) 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 in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cutoff date. You may also choose the option "ABSTAIN". If the shareholder does not include either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

(h) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts. Voting has to be done for each resolution of the notice of 29th AGM separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

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

(j) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, 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).

(k) 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/Power of Attorney/Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: kvcr133@gmail.com with a copy marked to evoting@karvy.com and may also upload the same in the e-voting in their login. The scanned image of the above-mentioned documents should be in the naming format "POKARNA_EVENT NO."

B) In case of a member whose e-mail address is not registered / updated with the Company / KFinTech / Depository Participant(s), please follow the following steps to generate your login credentials:

(a) Members holding shares in physical mode, who have not registered / updated their email addresses with the Company, are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at igrc@Pokarna.com to KFinTech at einward.ris@kfintech.com

(b) Members holding shares in dematerialised mode who have not registered their e-mail addresses with their Depository Participant(s) are requested to register / update their email addresses with the Depository Participant(s) with whom they maintain their demat accounts.

(c) After due verification, the Company / KFinTech will forward your login credentials to your registered email address.

(d) Please follow all steps from sr. no. (a) to (k) as mentioned in I.(A). above, to cast your vote.

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

III. In case of any query pertaining to e-voting, please visit help & FAQ's section available at Karvy's website https://evoting.karvy.com or contact KFinTech as per the details given under sub-point no. IV below

IV. 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@karvy.com

vii. Information and instructions for Insta Poll:

Facility to cast vote through Insta Poll will be made available on the Video Conferencing screen and will be activated once the Insta Poll is announced at the Meeting.

viii. 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 and on the website of KFinTech at: https://evoting.karvy.com. The result will simultaneously be communicated to the stock exchanges. The results shall also be displayed on the Notice Board at the Registered Office of the company.

ix. 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., Tuesday, 29th September 2020.

PROCEDURE FOR INSPECTION OF DOCUMENTS:

16. 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.

IEPF RELATED INFORMATION:

17. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2007-08, from time to time, to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Details of dividends so far transferred to the IEPF Authority are available on the website of IEPF Authority and the same can be accessed through the link: www.iepf.gov.in

18. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts (till date of last Annual General Meeting) on the website of the Company at https://www.pokarna.com/unpaid-unclaimed-dividend.

19. As per the provisions of Section 124(6) of the Act read with Rule 6 of 'Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amended Rules, 2017' ('the Rules'), as amended, all shares, in respect of which dividend has not been paid or claimed for seven consecutive years or more (relevant shares), will be transferred by the Company to IEPF along with statement containing such details as directed by Ministry of Corporate Affairs from time to time.

Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from the IEPF Authority.

The concerned members/investors are advised to visit the weblink of the IEPF Authority http://iepf.gov.in/IEPF/refund.html, or contact KFinTech, for detailed procedure to lodge the claim with the IEPF Authority.

DIVIDEND RELATED INFORMATION:

20. The Company has fixed Tuesday, 22nd September 2020 as the 'Record Date' for the purpose of AGM and for determining entitlement of Members to dividend for the financial year ended March 31, 2020.

21. The dividend for the year ended 31 March 2020 as recommended by the Board, i.e. 30% @ ₹ 0.60 (Sixty paisa 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.

22. 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, after normalisation of the postal service.

23. 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.

24. 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.

25. Pursuant to the amendments introduced by the Finance Act, 2020, dividends paid or distributed by a Company on or after April 1, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to withhold taxes at the prescribed rates on the dividend paid to its shareholders w.e.f. 1st April 2020. No tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend paid does not exceed ₹ 5,000/-

    The withholding tax rate would vary depending on the residential status of the shareholder and documents registered with the Company.

A. RESIDENT SHAREHOLDERS:

A.1 Tax Deductible at Source for Resident Shareholders:

S. No	Particulars	Withholding Tax Rate	Documents required (if any)
1.	Valid PAN updated in the Company's Register of Members	7.5%	No document required (if no exemption is sought)
2.	No PAN/Valid PAN not updated in the Company's Register of Members	20%	No document required (if no exemption is sought)
3.	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority

A.2 No Tax Deductible at Source on dividend payment to resident shareholders if the Shareholders submit and register following documents as mentioned in column no.4 of the below table with the Company / KFinTech:

S. No (1)	Particulars (2)	Withholding Tax Rate (3)	Documents required (if any) (4)
1.	Submission of form 15G/15H	NIL	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling certain conditions.
2.	Shareholders to whom section 194 of the Income Tax, 1961 does not apply such as LIC, GIC, etc.	NIL	Documentary evidence that the said provisions are not applicable.
3.	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds.	NIL	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961

S. No (1)	Particulars (2)	Withholding Tax Rate (3)	Documents required (if any) (4)
4.	Category I and II Alternative Investment Fund	NIL	SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961
5.	• Recognised provident funds • Approved superannuation fund • Approved gratuity fund	NIL	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT)
6.	National Pension Scheme	NIL	No TDS as per section 197A (1E) of Income Tax Act, 1961

B. NON-RESIDENT SHAREHOLDERS:

Withholding tax on dividend payment to non-resident shareholders if the non-resident shareholders submit and register following document as mentioned in column no.4 of the below table with the Company / KFinTech:

S. No (1)	Particulars (2)	Withholding Tax Rate (3)	Documents required (if any) (4)
1.	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	FPI registration number / certificate.
2.	Other Non-resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	To avail beneficial rate of tax treaty following tax documents would be required: 1. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received 2. PAN 3. Form 10F filled & duly signed 4. Self-declaration for non-existence of permanent establishment/ fixed base in India (Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company)
3.	Indian Branch of a Foreign Bank	NIL	Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank
4.	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in certificate	Lower tax deduction certificate obtained from Income Tax Authority

Notes:

i. The Company will issue soft copy of the TDS certificate to its shareholders through email registered with the Company / KFinTech post payment of the dividend. Shareholders will also be able to download the TDS certificate from the Income Tax Department's website https://incometaxindiaefiling.gov.in (refer to Form 26AS).

ii. The aforesaid documents such as Form 15G/ 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be sent to the email ID of the company at igrc@pokarna.com or to the KFinTech at einward.ris@kfintech.com on or before Tuesday, 29th September, 2020 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received post Tuesday, 29th September, 2020 shall not be considered.

iii. Application of TDS rate is subject to necessary verification by the Company of the shareholder details as available in Register of Members as on the Record Date, and other documents available with the Company / KFinTech.

iv. In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund.

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

vi. 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:

26. 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.

27. Members holding shares in physical mode are:

    a. 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 or to KFinTech at 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.

    b. advised to register nomination in respect of their shareholding in the Company.

28. Members holding shares in electronic mode are:

    a. requested to submit their PAN and bank account details to their respective Depository Participants ("DPs") with whom they are maintaining their demat accounts.

    b. advised to contact their respective DPs for registering nomination.

29. Non-Resident Indian members are requested to inform KFinTech / respective DPs, immediately of:

    a. Change in their residential status on return to India for permanent settlement.

    b. 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.

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

Mahesh Inani
Company Secretary

Date:27th June,2020

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

Item No. 4

To approve continuation of payment of remuneration to Executive Directors who are Promoters or members of the Promoter Group in excess of the limits prescribed under SEBI (LODR) (Amendment) Regulations, 2018

As per Regulation 17(6)(e) of SEBI (LODR) (Amendment) Regulations, 2018, the Payment of fees or compensation payable to executive directors who are Promoters or members of the Promoter Group, shall be subject to approval of the shareholders by Special Resolution in general meeting, 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.Rahul Jain Managing Director and Mrs Apurva Jain Executive Director are Promoter and member of Promoter Group of the Company, respectively.

The appointment of Rahul Jain , Managing Director has been approved by the shareholders at the Annual General Meeting held on 16th September,2016 for a period of 5 years. He is drawing remuneration upto 5% of the Net Profits of the Company, which is approved by the shareholders

The appointment of Apurva Jain , Executive Director has been approved by the shareholders at the Annual General Meeting held on 14th September,2019 for a period of 5 years. She is drawing remuneration upto 5% of the Net Profits of the Company, which is approved by the shareholders

Since the remuneration drawn by (i) Mr . Rahul Jain, Managing Director and Promoter, and (ii) Mrs. Apurva Jain, Executive Director and member of promoter group, put together will be in excess of the limits prescribed under Reg.17(6)(e) of the SEBI (LODR) Regulations, 2015, it requires the approval of the shareholders by way of Special Resolution for –

(i) continuation payment of remuneration as per existing terms and conditions approved by the shareholders to Mr. Rahul Jain Managing Director at the Annual General Meeting held on 16th September,2016 and

(ii) continuation payment of remuneration as per existing terms and conditions approved by the shareholders to Mrs. Apurva Jain Executive Director at the Annual General Meeting held on 14th September, 2019.

Notwithstanding the limits prescribed under Reg.17(6)(e) of SEBI (LODR) Regulations

None of the directors and key managerial personnel of the company and their relatives expect Mr.Rahul Jain , Mrs.Apurva Jain , Mr. Gautam Chand Jain and their respective relatives are concerned or interested, financially or otherwise , in the resolution mentioned at the item no:4 of the notice.

The board recommends the resolution set fourth in item No.4 for the approval of the members.

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

Mahesh Inani
Company Secretary
ACS No.A37577

Date:27th June, 2020

Directors' Report to the Shareholders

Dear Members,

Your Directors take pleasure in presenting their 29th Annual Report together with the annual audited consolidated and standalone financial statements for the financial year ended 31st March, 2020.

Financial Highlights

(₹ in Lakhs)

S. No	Particulars	Standalone		Consolidated	
		2019-20	2018-19	2019-20	2019-20
1	Total Revenue	7813.14	14767.62	39940.23	47129.85
2	Less-expenditure	8589.99	13767.99	30860.90	37005.98
3	Profit/(Loss) Before tax and extra-ordinary items	(776.85)	999.63	9079.33	10123.87
4	Tax expenses	(296.14)	311.84	2006.42	2056.04
5	Profit /(Loss)After Tax	(480.71)	687.79	7072.91	8067.83
6	Total other comprehensive Income/(Loss) net of tax	11.31	52.44	(24.78)	58.36
7	Total comprehensive Income/(Loss)	(469.40)	740.23	7048.13	8126.19

Consolidated Financial Performance

The Consolidated Income of the Company for the financial year ended 31st March, 2020 is ₹ 39940.23 lakhs vis-à-vis ₹ 47129.85 Lakhs in the previous year, thereby registering a decline of 15.25%. Consolidated Comprehensive Income for the financial year ended 31st March, 2020 is ₹ 7048.13 Lakhs as compared to ₹ 8126.19 Lakhs in the previous year, registering a decline of 13.27%.

Standalone Financial Performance

Your Company's total income during the year under review was ₹ 7813.14 lakhs as compared to ₹ 14767.62 Lakhs in the previous year. The Profit before Tax for the year 2019-20 was ₹ (776.85) Lakhs as against ₹ 999.63 Lakhs in the previous year. Comprehensive Income in 2019-20 stood at ₹ (469.40) Lakhs as against ₹ 740.23 Lakhs in the previous year.

Overview and The State of the Company Affairs

Granite sales in FY 2020 were lower than budgeted largely as a result of the slower than required growth in saleable production from quarries and lower sales of processed granite. Added to this the competition from Brazilian exporters who are selling in record quantities to the USA, but at low prices and giving extended payment terms. The above factors and tepid demand from china for granite blocks contributed to almost flat performance in granite business. Lower capacity utilisation of apparel manufacturing facility and extended gestation on retail stores during the year has resulted in the Company's operational performance being further hit.

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

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

Global Pandemic -Covid-19

2019-20 has been a challenging year with weakening consumer sentiment given the macro-economic conditions and finally, the COVID-19 outbreak and its terrible impact on lives and livelihoods. The human impact of the virus and the containment efforts have resulted in supply and demand disruptions, resulting in a sharper growth deceleration. The situation remains volatile with the trajectory of the virus undetermined, evolving hot spot geographies, the success of containment measures uncertain, the severity and duration of resulting economic crisis and the extent of structural damage unknown. There are many unknowns today and hence, the near-term outlook is extremely uncertain. We stand united with the nation in the fight against COVID-19 as we navigate our way through these dynamic uncertain times together. Our focus remains on safety of our people, protecting supply lines, serving demand, contributing to the society and optimising cost and cash.

Dividend

The Directors are pleased to recommend the dividend of ₹ 0.60/- per equity share for the Financial Year ended

31st March, 2020. The dividend is subject to the approval of the Members at the Annual General Meeting ("AGM") scheduled on 29th September, 2020.

The Register of Members and Share Transfer Books will remain closed from 24th September, 2020 to 29th September, 2020. (both days inclusive) for the purpose of payment of the dividend for the Financial Year ended 31st March, 2020 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 2019-20. 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.

During the financial year under review, PESL achieved revenue of ₹ 31676.77 lakhs as against ₹ 31595.42 Lakhs in the previous year, thereby registering a growth of 0.26%. EBIDTA for the year under review was ₹ 12608.07 Lakhs as against ₹ 12161.49 Lakhs in the previous year, representing a growth of 3.68%. The net profit for the year 31st March, 2020 increased to ₹ 7566.98 Lakhs from ₹ 7380.04 Lakhs, showing a growth of 2.53%.

PESL's research, design and development efforts are key factors in its success. The company's remarkable growth and performance is due to implementing tighter operation controls, prudent raw material sourcing, increased capacity utlisation, superior product mix and controlled overheads. PESL is committed to growing share in many markets through its differentiated designs strategy. PESL's differentiated designs strategy is aimed at developing products with exotic natural stone-like appearance and complex detailing while being high in performance and priced reasonably.

In May 2019, a U.S. producer petitioned the U.S. Department of Commerce (USDOC) and the U.S. International Trade Commission (USITC) to investigate alleged dumping by and subsidies to Indian quartz surface producers and to levy countervailing duty (CVD) and anti-dumping duty (ADD) against quartz surfaces imports from India. PESL was selected by the USDOC as a "mandatory respondent" to both ADD and CVD investigations and as a result, PESL received unique company specific rates. Final ADD and CVD determinations were announced by the USDOC on 27th April, 2020, while the USITC issued an affirmative determination of injury on 28th May, 2020. As a result, ADD and CVD determined on quartz surface from PESL are:

Final Dumping Rate 2018-19		Final Subsidy Rate	
ADD	Cash Deposit	CVD	Cash Deposit
2.67%	0.33%	2.34%	2.34%

The CVD and ADD rates are subject to further adjustment through administrative reviews to be completed by the USDOC and appeals available to PESL.

PESL categorically deny the U.S. allegations and strongly disagree with the current ADD and CVD determinations made by the USDOC

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

Corporate Governance

The Directors reaffirm their commitment to good corporate governance practices. During the year under review, the Company was in compliance with the provisions relating to corporate governance as provided under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"). A detailed report on corporate governance as required under the Listing Regulations is provided in a 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 2019-20 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 2019-2020 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 is a caring corporate citizen and lays significant emphasis on the development of the host communities around which it operates. The Company, with this intent, has identified projects relating to Health Care, Sanitation, and Education during the year and initiated various activities in neighbouring villages around its plant location. The Corporate Social Responsibility Policy is available on your Company's website, http://www.pokarna.com/wp-content/uploads/2016/04/CSR-Policy.pdf.

The Annual Report on CSR activities is given in Annexure -II, to this Report.

At the end of the year, there is an unspent CSR amount of ₹ 1,77,57,304/-Company proposes to accumulate the CSR funds, in order to take up the large projects, which would benefit the public at large.

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, 2020, the Board of Directors consists of eight (8) Directors consisting of Chairman & Managing Director, Managing Director, Executive Director (Woman Director) and five (5) Non-executive Directors, out of which four (4) are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the relevant provisions of the Companies Act, 2013.

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Prakash Chand Jain (DIN00084490), Non-Executive Director of the Company, retires by rotation at this Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

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

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

Formal Annual Evaluation

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

Committees of The Board

Audit Committee

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee("NRC") comprises of Mr. Meka Yugandhar, Mr. Thati Venkataswamy

Chowdary, Mr. Vinayak Rao Juvvadi and Mr. Prakash Chand Jain Further, details relating to the NRC are provided in the Corporate Governance Report forming part of this Annual Report.

Stakeholder Relationship Committee

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

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee ("CSRC") comprises of Mr. Meka Yugandhar, Mr. Vinayak Rao Juvvadi, Independent Directors, and Mr. Gautam Chand Jain, Chairman and Managing Director. Further, details relating to the CSRC are provided in the Corporate Governance Report forming part of this Annual Report.

Risk Management Policy

In terms of provisions of Section 134(3)(n) of the Companies Act, 2013, the Company has framed and put in place a Risk Management policy to mitigate the risks, both internal and external, which the Company is exposed to. The risk management policy of the Company is uploaded on the website of the Company i.e.http://www.pokarna.com/wp-content/uploads/2014/07/Risk-Management-Policy.pdf

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

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

Related Party Transactions

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

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

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

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

Internal Financial Controls

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

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

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

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

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. Chalamareddy Practicing Company Secretary, the Secretarial Auditor of the Company for the financial year 2019-20. There were no qualifications, reservations or adverse remarks given by Secretarial Auditors of the Company. The detailed report on the Secretarial Audit is appended as an Annexure IV to this Report.

DISCLOSURES

Vigil Mechanism / Whistleblower Policy

Your Company has established a robust Vigil Mechanism for reporting of concerns through the Whistleblower Policy of the Company. Adequate safeguards are provided against victimization to those who avail of the mechanism and access to the Chairman of the Audit Committee in exceptional cases is provided to them. The details of the Vigil Mechanism is also provided in the Corporate Governance Report and the Whistleblower Policy has been uploaded on the website of the Company http://www.pokarna.com/wp-content/uploads/2014/07/Whistle-Blower-Policy.pdf.

Meetings of the Board

The Board of Directors of your Company met four times during the year to deliberate on various matters. The meetings were held on 27th May, 2019, 09th August, 2019, 13th November, 2019 & 29th January, 2020. Further details on the Board of Directors are provided in the Corporate Governance Report forming part of this Annual Report.

Particulars of Loans, Guarantees and Investments

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

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

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

Extract of Annual Return

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

Material Changes and Commitments affecting the Financial Position of the Company

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

Significant and Material Orders

During the financial year 2019-20, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

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

Particulars of Employees

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

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

Prevention of Sexual Harassment at Workplace

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

Compliance of Secretarial Standards

During Financial Year 2019-20, your Company has complied with the relevant provisions of Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

Reporting of Frauds

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

Share Capital

The Company's paid-up Equity Share Capital continues to stand at ₹ 620.08 Lakhs as on 31st March, 2020. During the year, the Company has not issued any shares or shares with differential voting rights or convertible securities. Also, the Company does not have any Scheme for issue of shares including sweat equity to the employees or Directors of the Company.

Revision in Financial Statements

There has been no revision in the financial statements.

Nature of Business

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

Deposits

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

Human Resources

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

Green initiative in corporate governance

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

ACKNOWLEDGMENT

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

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

Gautam Chand Jain
Chairman & Managing Director
DIN:00004775

Date : 27th June, 2020.

Annexure - I

FORM NO. MGT- 9

Extract of Annual Return

As on The Financial Year Ended on 31st March, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details:

i)	CIN	L14102TG1991PLC013299
ii)	Registration Date	09/10/1991
iii)	Name of the Company	Pokarna Limited
iv)	Category / Sub-Category of the Company	Company Limited by Shares / Indian Non-Government Company
v)	Address of the Registered office and contact details	105, 1st Floor, Surya Towers, Secunderabad, Telangana State – 500003, India. Tel: +91 40-2789 7722 Email: companysecretary@pokarna.com Website: www.pokarna.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:	Kfin Technologies Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Ph: +91 4067161616

II. Principal Business Activities of the Company

Business Activities Contributing 10% or More of the Total Turnover of The Company:

S. No	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Processing and sale of granite slabs	23960	42.64%
2.	Mining and sale of granite blocks	08102	49.56%

III. Particulars of Holding, Subsidiary and Associate Companies

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of shares held	Applicable Section
1	Pokarna Engineered Stone Limited	U17219TG2001PLC036015	Subsidiary	100%	2(87)

IV. Share Holding Pattern (Equity Share Capital Break up and percentage of Total Equity)

Category Code	Category of Shareholder	No. of shares held at the beginning of the year 30/03/2019				No. of shares held at the end of the year 31/03/2020				% Change During The Year
		Demat	Physical	Total	% Of total shares	Demat	Physical	Total	% Of total shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	**INDIAN**									
(a)	Individual /HUF	17567385	0	17567385	56.66	17567385	0	17567385	56.66	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	**17567385**	**0**	**17567385**	**56.66**	17567385	0	17567385	56.66	**0.00**
(2)	**FOREIGN**									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	**0**	**0**	**0**	**0.00**	0	0	0	0.00	**0.00**
	Total A=A(1)+A(2)	**17567385**	**0**	**17567385**	**56.66**	17567385	0	17567385	56.66	**0.00**
(B)	PUBLIC SHAREHOLDING									
(1)	**INSTITUTIONS**									
(a)	Mutual Funds /UTI	1567778	0	1567778	5.06	3069475	0	3069475	9.90	4.84
(b)	Financial Institutions /Banks	30449	0	30449	0.10	44029	0	44029	0.14	0.04
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	216026	0	216026	0.70	440672	0	440672	1.42	0.72
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	**1814253**	**0**	**1814253**	**5.85**	3554176	0	3554176	11.46	**5.61**
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate	1598103	0	1598103	5.15	1411283	0	1411283	4.55	-0.60
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	6508827	220125	6728952	21.70	5870011	174625	6044636	19.50	-2.21
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	2574441	0	2574441	8.30	1650158	0	1650158	5.32	-2.98
	Others									
	CLEARING MEMBERS	12278	0	12278	0.04	160554	0	160554	0.52	0.48
	I E P F	0	0	0	0.00	20000	0	20000	0.06	0.06
	NON RESIDENT INDIANS	505669	2000	507669	1.64	427999	2000	429999	1.39	-0.25
	NRI NON-REPATRIAT ION	200919	0	200919	0.65	165809	0	165809	0.53	-0.11
	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	**11400237**	**222125**	**11622362**	**37.49**	9705814	176625	9882439	31.87	**-5.61**
	Total B=B(1)+B(2) :	**13214490**	**222125**	**13436615**	**43.34**	13259990	176625	13436615	43.34	**0.00**
	Total (A+B) :	**30781875**	**222125**	**31004000**	**100.00**	30827375	176625	31004000	100.00	**0.00**
	Shares held by custodians, against which Depository Receipts have been issued									
	Promoter and Promoter Group									
	Public	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C) :	**30781875**	**222125**	**31004000**	**100.00**	30827375	176625	31004000	100.00	

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

S. No	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
1	K Gautam Chand Jain	14187045	45.76	31/03/2019			14187045	45.76
				31/03/2020			14187045	45.76
2	Vidya Jain	500000	1.61	31/03/2019			500000	1.61
				31/03/2020			500000	1.61
3	Neha Jain	500000	1.61	31/03/2019			500000	1.61
				31/03/2020			500000	1.61
4	Rahul Jain	498500	1.61	31/03/2019			498500	1.61
				31/03/2020			498500	1.61
5	K Prakash Chand Jain	439210	1.42	31/03/2019			439210	1.42
				31/03/2020			439210	1.42
6	Anju Jain	439210	1.42	31/03/2019			439210	1.42
				31/03/2020			439210	1.42
7	K Raaj Kumar Jain	439210	1.42	31/03/2019			439210	1.42
				31/03/2020			439210	1.42
8	K Ashok Chand Jain	439210	1.42	31/03/2019			439210	1.42
				31/03/2020			439210	1.42
9	Megha Jain	125000	0.40	31/03/2019			125000	0.40
				31/03/2020			125000	0.40

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

S. No	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA S	0	0.00	30/03/2019			0	0.00
				05/04/2019	1491133	Transfer	1491133	4.81
				19/04/2019	12904	Transfer	1504037	4.85
				17/05/2019	112236	Transfer	1616273	5.21
				28/06/2019	25000	Transfer	1641273	5.29
				02/08/2019	5000	Transfer	1646273	5.31
				18/10/2019	227245	Transfer	1873518	6.04
				29/11/2019	64263	Transfer	1937781	6.25
				31/03/2020	3429	Transfer	1941210	6.26
				31/03/2020			1941210	6.26
2	ASHISH KACHOLIA	1542712	4.98	30/03/2019			1542712	4.98
				05/04/2019	-1542712	Transfer	0	0.00
				31/03/2020			0	0.00
3	HDFC TRUSTEE CO LTD A/C HDFC HOUSING OPPORTUNITIES	1308000	4.22	30/03/2019			1308000	4.22
				11/10/2019	-194900	Transfer	1113100	3.59
				22/11/2019	-40775	Transfer	1072325	3.46
				29/11/2019	-4060	Transfer	1068265	3.45
				31/03/2020			1068265	3.45
4	SANJIV DHIRESHBHAI SHAH	1059	0.00	30/03/2019			1059	0.00
				28/06/2019	61215	Transfer	62274	0.20
				05/07/2019	87304	Transfer	149578	0.48

S. No	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				12/07/2019	20000	Transfer	169578	0.55
				19/07/2019	26356	Transfer	195934	0.63
				26/07/2019	25663	Transfer	221597	0.71
				02/08/2019	15860	Transfer	237457	0.77
				09/08/2019	9707	Transfer	247164	0.80
				30/08/2019	10650	Transfer	257814	0.83
				06/09/2019	5000	Transfer	262814	0.85
				27/09/2019	3822	Transfer	266636	0.86
				11/10/2019	-33800	Transfer	232836	0.75
				25/10/2019	-14217	Transfer	218619	0.71
				01/11/2019	-37628	Transfer	180991	0.58
				08/11/2019	-13266	Transfer	167725	0.54
				29/11/2019	2071	Transfer	169796	0.55
				06/12/2019	33989	Transfer	203785	0.66
				13/12/2019	59977	Transfer	263762	0.85
				20/12/2019	-6463	Transfer	257299	0.83
				27/12/2019	6463	Transfer	263762	0.85
				10/01/2020	5000	Transfer	268762	0.87
				24/01/2020	-1288	Transfer	267474	0.86
				07/02/2020	36328	Transfer	303802	0.98
				21/02/2020	2257	Transfer	306059	0.99
				28/02/2020	78934	Transfer	384993	1.24
				06/03/2020	29969	Transfer	414962	1.34
				13/03/2020	12418	Transfer	427380	1.38
				20/03/2020	55490	Transfer	482870	1.56
				27/03/2020	162813	Transfer	645683	2.08
				31/03/2020	35779	Transfer	681462	2.20
				31/03/2020			681462	2.20
5	AIRAVAT CAPITAL TRUST	259778	0.84	30/03/2019			259778	0.84
				12/04/2019	3864	Transfer	263642	0.85
				03/05/2019	-263642	Transfer	0	0.00
				31/03/2020			0	0.00
6	GAURAV SANGHVI	250000	0.81	30/03/2019			250000	0.81
				21/02/2020	87500	Transfer	337500	1.09
				21/02/2020	-125000	Transfer	212500	0.69
				28/02/2020	-938	Transfer	211562	0.68
				31/03/2020			211562	0.68
7	GIRISH NILKANTH KULKARNI	235880	0.76	30/03/2019			235880	0.76
				07/06/2019	-10500	Transfer	225380	0.73
				14/06/2019	-1399	Transfer	223981	0.72
				27/03/2020	-223981	Transfer	0	0.00
				31/03/2020			0	0.00
8	GIRISH KULKARNI	0	0.00	30/03/2019			0	0.00
				31/03/2020	223981	Transfer	223981	0.72
				31/03/2020			223981	0.72
9	SECURITIES RESEARCH AND ANALYSIS LLP	208711	0.67	30/03/2019			208711	0.67
				22/11/2019	-410	Transfer	208301	0.67
				20/12/2019	200000	Transfer	408301	1.32
				20/12/2019	-200000	Transfer	208301	0.67
				31/03/2020			208301	0.67

S. No	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
10	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	0	0.00	30/03/2019			0	0.00
				27/09/2019	18443	Transfer	18443	0.06
				04/10/2019	20132	Transfer	38575	0.12
				11/10/2019	1	Transfer	38576	0.12
				18/10/2019	10000	Transfer	48576	0.16
				25/10/2019	20095	Transfer	68671	0.22
				01/11/2019	5075	Transfer	73746	0.24
				08/11/2019	19254	Transfer	93000	0.30
				15/11/2019	41000	Transfer	134000	0.43
				22/11/2019	70000	Transfer	204000	0.66
				31/03/2020			204000	0.66

Note: Details of top ten shareholders as on 31st March, 2019 and 31st March, 2020 are included in the aforementioned table.

(iii) Shareholding of Directors and Key Managerial Personnel;

S. No	Name	Shareholding as on 01-04-2019		Shareholding as on 31-03-2020		Change in percentage of holding
1.	Gautam Chand Jain Chairman & Managing Director	14187045	45.76	14187045	45.76	-
2.	Rahul Jain Managing Director	498500	1.61	498500	1.61	-
3.	Prakash Chand Jain Non – Executive Director	439210	1.42	439210	1.42	-
4.	Meka Yugandhar Independent Director	-	-	-	-	-
5.	Vinayak Rao Juvvadi Independent Director	-	-	-	-	-
6.	Thati Venkataswamy Chowdary Independent Director	-	-	-	-	-
7.	Mahender Chand Independent Director	-	-	-	-	-
8.	Apurva Jain Executive Director	-	-	-	-	-
9.	Viswanatha Reddy Chief Financial Officer	-	-	-	-	-
10	Mahesh Inani Company Secretary	-	-	-	-	-

V) Indebtedness

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

(₹ in Lakhs)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year:				
i) Principal amount	4831.60	615.86	-	5447.46
ii) Interest due but not paid	-	116.29	-	116.29
iii) Interest accrued but not paid	15.07	-	-	15.07
Total (i+ii+iii)	**4846.67**	**732.15**	**-**	**5578.82**
Change in indebtedness during the financial year				
Addition	344.89	260.00	-	604.89
Reduction	(1158.20)	(53.43)	-	(1211.63)
Net Change	**(813.31)**	**206.57**	**-**	**(606.74)**
Indebtedness at the end of the financial year				
i) Principal amount	4033.36	938.72	-	4972.08
ii) Interest due but not paid	-	58.30	-	58.30
iii) Interest accrued but not paid	-	-	-	-
Total (i+ii+iii)	**4033.36**	**997.02**	**-**	**5030.38**

VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ in Lakhs)

S. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total amount
		Gautam Chand Jain	Rahul Jain	Apurva Jain	
1	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	-	120.00	19.74	139.74
	b) Value of perquisites u/s. 17(2) Income – Tax Act, 1961.	-	-		-
	c) Profits in lieu of Salary under Section 17(3) Income – Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- As a percentage of profit	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	**-**	**120.00**	**19.74**	**139.74**
6	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013			

B. Remuneration to other directors:

(₹ in Lakhs)

S. No	Particulars of Remuneration	Name of the other Director					
1	Independent Directors	Meka Yugandhar	Thati Venkataswamy Chowdary	Vinayak Rao Juvvadi	Mahender Chand	Prakash Chand Jain	
	a) Fee for attending Board or Committee meetings	2.00	1.50	1.50	2.00		7.00
	b) Commission	--	--	--	--	--	--
	c) Others, if specify						
	Total (1)	**2.00**	**1.50**	**1.50**	**2.00**		**7.00**
2	Other Non-Executive Directors						
	a) Fee for attending Board or Committee meetings					2.00	2.00
	b) Commission					--	--
	c) Others, if specify					--	--
	Total (2)					**2.00**	**2.00**
	Total B = (1+2)	**2.00**	**1.50**	**1.50**	**2.00**	**2.00**	**9.00**
	Total Managerial Remuneration						**148.74**

* Total remuneration to Managing Director, Whole-Time Directors and other Directors (being the total of A and B).

Note: As per Section 197 of the Companies Act, 2013, Fee for attending Board/Committee meeting shall not form part of the maximum limit of remuneration payable to Directors.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(₹ in Lakhs)

S. No	Particulars of Remuneration	Name of KMP other than MD/WTD/Manager		Total amount
		Viswanatha Reddy, Chief Financial Officer	Mahesh Inani, Company Secretary	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	64.12	7.66	71.78
	b) Value of perquisites u/s. 17(2) Income – Tax Act, 1961.	-	-	-
	c) Profits in lieu of Salary under Section 17(3) Income – Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- As a percentage of profit	-	-	-
5	Others, please specify	-	-	-
	Total (C)	**64.12**	**7.66**	**71.78**

VII. Penalties/Punishments/Compounding of Offences:

There were no penalties/punishments/compounding of offences under the Companies Act 2013 for the year ended 31st March, 2020.

Annexure - II

Annual Report on CSR Activities Undertaken During the Year

1. The Company has formulated the policy on Corporate Social Responsibility (CSR) as required under Section 134(o) of the Companies Act, 2013 and implemented the CSR initiatives, pursuant the said policy, during the year under review.

2. CSR Thrust Areas:

The Company has identified three (3) Thrust Areas for undertaking CSR Projects:

2.1 Healthcare and sanitation, including but not limited to:

a) Eradicating poverty, hunger and malnutrition.

b) Establishment and management of healthcare infrastructure.

c) Activities concerning or promoting:

i. specialized medical treatment in any medical institution

ii. general health care including preventive health care

iii. safe motherhood

iv. child survival support programs

v. better hygiene and sanitation

vi. adequate and potable water supply, etc.

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

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

2.3 Environment, including but not limited to:

a) Ensuring ecological balance, environmental sustainability, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.

2.4 Rural Development, including but not limited to adoption of villages and development of Rural infrastructure etc.,

3. Composition of CSR Committee:

1) Meka Yugandhar, Chairman
2) Gautam Chand Jain, Member
3) Vinayak Rao Juvvadi, Member

4. Average net profit of the Company for last three financial years: ₹ 16,96,44,349/-

5. Prescribed CSR expenditure (i.e. 2% of the average net profits) for F.Y. 2019-20: ₹ 33,92,887/-

6. Amount carried forward from previous years: ₹ 1,43,64,417

7. Total amount available to be spent as CSR expenditure: ₹ 1,77,57,304

8. Details of CSR spent during the financial year;

a) Total amount spent during F.Y. 2019-20: Nil

b) Amount unspent, as on 31st March, 2019: ₹ 1,77,57,304/-

For Pokarna Limited

	Sd/-	Sd/-
	Meka Yugandhar	**Gautam Chand Jain**
Date: 27th June, 2020	Chairman of CSR Committee	Chairman & Managing Director
Place: Secunderabad	DIN: 00012265	DIN: 00004775

Annexure - III

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

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20, are as under:

S. No	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2019-20 (₹ in Lakhs)	% Increase in Remuneration in the Financial Year 2019-20	Ratio of remuneration of each Director/ to median remuneration of employees
a)	Gautam Chand Jain Chairman & Managing Director	--	Nil	--
b)	Rahul Jain Managing Director	120.00	Nil	76.43
c)	Apurva Jain Executive Director	19.74	Nil	12.57
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	64.12	Nil	40.84
j)	Mahesh Inani Company Secretary	7.66	Nil	4.88

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 ₹ 1.57 Lakhs.

(iii) In the financial year, there was a decrease of 40 % in the median remuneration of employees.

(iv) There were 459 permanent employees on the rolls of Company as on 31st March, 2020.

(v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Annexure - IV

FORM NO. MR -3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

(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, 2020 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, 2020 ("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 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.

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 andthere were no instances of dissenting members in the Board of Directors.

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

6. I further report that 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 Secratary
F C S : 9268, C.P No: 5451
UDIN number: F009268B000390682

Place: Hyderabad
Date: 27th June, 2020

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

Annexure' A'

To
The Members,
Pokarna Limited
Hyderabad.

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

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

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

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

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

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

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

Sd/-
K.V. Chalama Reddy
Practising Company Secretary
F C S: 9268, C.P No: 5451
UDIN number: F009268B000390682

Place: Hyderabad
Date: 27th June, 2020

Secretarial Audit report of Material Subsidiary

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

(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, 2020 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, 2020 ("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.

K.V. Chalama Reddy
Practising Company Secretary
F.C.S.No: 9268, C.P No. 5451
UDIN number : F009268B000390726

Place: Hyderabad
Date: 27.06.2020

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.

K.V.Chalama Reddy
Practising Company Secretary
F.C.S.No: 9268, C.P No. 5451
UDIN number : F009268B000390726

Place: Hyderabad
Date: 27.06.2020

Annexure - V

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

A. Conservation of Energy:

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

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

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

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

Capital investment on energy conservation equipment's:

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

B. Technology absorption:

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

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

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

Foreign Exchange Earnings and Outgo

During the year under review, the total standalone foreign exchange earnings was ₹ 5637.03 Lakhs and expenditure was ₹ 244.73 Lakhs.

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 2019 to March 2020
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
8.	List three key products/services that the Company manufactures/provides	The Company is in to Processing and sale of granite slabs
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	**National:** **1. Corporate & Head Office :** Pokarna Limited 105,Surya Towers,S.P Road, Secunderabad-500003,Telangana, India **2. Manufacturing & Production Facility:** **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 Manufacturing Facility:** 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 (₹)	₹ 7729.80/- Lakhs
3.	Total profit after taxes (₹)	₹ (480.71)/- Lakhs
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	NIL
5.	List of activities in which expenditure in 4 above has been incurred:-	NIL

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 published its BR report for the first time for the financial year ended on March 31, 2020 and which is part of the Annual Report of the Company. The report is published on annual basis and can be viewed on the website of the Company i.e. www.pokarna.com.

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

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.

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 do take steps in improving their 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:** 459 as on March 31, 2020.

2. **Please indicate the total number of employees hired on temporary/contractual/casual basis:** 278 as on March 31, 2020.

3. **Please indicate the number of permanent women employees:** 67 as on March 31, 2020

4. **Please indicate the number of permanent employees with disabilities:** 1 as on March 31, 2020

5. **Do you have an employee association that is recognized by management?** Pokarna 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 2020, 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 V - 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 responsibillity involved in several programmes and projects that creates a better country for the furture generations. The details of several programmes undertaken by the Company are given in 'Annexure II'of the Directors 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 consultantion 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, 2020, the Board of Directors consists of eight (8) Directors consisting of Chairman & Managing Director, Managing Director, Executive Director (Woman Director) and five (5) Non-executive Directors, out of which four (4) are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the relevant provisions of the Companies Act, 2013. The Independent Directors have been issued formal letter of appointment and the terms and conditions of their appointment have been disclosed on the website of the Company. The Independent Directors have given declarations to the Company about their independence to enable the Board for determining its composition as envisaged in Regulation 17 of the Listing Regulations and further confirming compliance as per Section 149 of the Companies Act, 2013 read with the Rules made thereunder. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. All material information is circulated to the Directors, including minimum information that are required to be made available to the Directors under Part A of Schedule II of the Listing Regulations.

(b) Board Meetings and Attendance: 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 May, 2019	8	7
2	09th August, 2019	8	6
3	13th November, 2019	8	6
4	29th January, 2020	8	5

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, 2020*	Committee**	
					Member	Chairman
Gautam Chand Jain Chairman & Managing Director	Executive & Promoter	4	Yes	2	-	-
Rahul Jain Managing Director	Executive & Promoter	1	No	2	1	-
Apurva Jain Executive Director	Executive & Promoter	1	No	2	-	-
Prakash Chand Jain Director	Non-Executive & Promoter	4	No	2	-	-
Meka Yugandhar Director	Non-Executive & Independent	4	Yes	6	3	2
Thati Venkataswamy Chowdary Director	Non-Executive & Independent	3	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	-

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

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

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

(e) Details of Directorship in other Listed entities as on 31st March, 2020:

Name of the director	Name of the Listed Company	Category
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 29th January,2020 which was attended by all the Independent Directors. The Independent Directors have evaluated the performance of the Non-Independent Directors, the Board as a whole and the Chairman & Managing Director, Managing Director and the Executive Director of the Company. The Board was briefed on the deliberations made at the Independent Directors Meeting. The details of Familiarisation Program imparted to Independent Directors of the Company are available on website of the Company at http://www.pokarna.com/familiarization-programme-of-independent-directors/

(h) Board Evaluation

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

(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	Understanding about the dynamics of the Stone and Apparel Industries
Research and Development	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.

B. Audit Committee

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

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

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

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

iv. reviewing the adequacy of internal audit function and discussing with Internal Auditor any significant finding and reviewing the progress of corrective actions on such issues;

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

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

vii. evaluating internal financial controls and risk management systems;

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

ix. reviewing the information required as per SEBI Listing Regulation

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

(b) Composition, Meetings and Attendance: The Audit Committee as at the end of the year 31st March, 2020 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	3
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 May, 2019, 09th August, 2019, 13th November, 2019 and 29th January, 2020. The Company Secretary is the Secretary of the Committee. The Chairman & Managing Director, Managing Director, Executive Director, Chief Financial Officer along with the Statutory Auditor's and Internal Auditor are invitees to the Audit Committee Meetings. Cost Auditors are invited to the meeting as and when required. The Chairman of the Audit Committee, Meka Yugandhar, was present at the Annual General Meeting of the Company held on 14th September, 2019.

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, 2020 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	4
Thati Venkataswamy Chowdary	Chairman	Non-Executive Independent	3
Mahender Chand	Member	Non-Executive Independent	4
Prakash Chand Jain	Member	Non-Executive Director	4

Four (4) Nomination and Remuneration Committee were held during the year. The dates on which the meetings were held are 27th May, 2019, 09th August, 2019, 13th November, 2019, 29thJanuary,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 2019-2020. No sitting fees were paid to Mr. Gautam Chand Jain for attending meetings of the Board during the financial year 2019-20. 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 2019-2020 is as below:

	Amount (in Lakhs)
Salary	120.00
Perquisite	11.70
Commission	391.94
Total	**523.64**

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 2019-2020 is as below:

Amount (in Lakhs)

Particulars	Rahul Jain	Apurva Jain
Salary	120.00	19.74
Perquisite	-	-
Commission	-	-
Total	**120.00**	**19.74**

No sitting fees were paid to Mr. Rahul Jain and Mrs. Apurva Jain for attending meetings of the Board during the financial year 2019-20.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 2018-2019	Proposed to be Paid for FY 2019-2020
Meka Yugandhar	2.00	2.40	--
Thati Venkataswamy Chowdary	1.50	2.40	--
Vinayak Rao Juvvadi	1.50	2.40	--
Mahender Chand	2.00	2.40	--
Prakash Chand Jain	2.00	2.40	--

E. Stakeholder Relationship Committee

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

i. Consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend / notice / annual reports, etc. and all other securities-holders related matters;

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

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

(b) Composition, Meetings and Attendance: The Stakeholders' Relationship Committee as at the end of the year 31st March, 2020 consisted of Three (3) Directors of which Two (2) were Independent Directors. Details of Committee Members are as follows:

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

One (1) Stake Holders Relationship Committee were held during the year. The dates on which the meetings were held are 29th January, 2020. The Company Secretary is the Secretary of the Committee.

(c) Name, designation and address of the Compliance Officer: Mr. Mahesh Inani. Company Secretary,H.No:19-1-915/1/C, Bhadurpura Road, Hyderabad-500064. Phone: 040-27897722. Email ID: Companysecretary@pokarna.

com. During the year, the Company has not received any investor complaints. In order to facilitate faster redressal of investors' grievances the Company has created an exclusive email ID igrc@pokarna.com. Investors and shareholders may lodge their query/complaints addressed to this email ID which would be attended immediately.

F. Corporate Social Responsibility Committee

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

(i) Formulate and recommend to the board, a CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

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

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

(b) **Composition, Meetings and Attendance:** The Corporate Social Responsibility Committee as at the end of the year 31st March, 2020 consisted of Three (3) Directors of which Two (2) were Independent Directors. Details of attendance of the Members during the year are as follows:

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

One (1) Corporate Social Responsibility Committee were held during the year. The dates on which the meetings were held are 27th May, 2019. The Company Secretary is the Secretary of the Committee. The details of the Corporate Social Responsibility activities of the Company as per the Corporate Social Responsibility Policy are provided as Annexure -II, to the Directors Report.

G. Loan Committee

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

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

Composition, Meetings and Attendance: The Loan Committee as at the end of the year 31st March, 2020 consisted of Three (3) Directors of which One (1) were Independent Directors. Details of attendance of the Members during the year are as follows:

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

one (1) Loan Committee were held during the year. The dates on which the meeting was held is 13th November, 2019. The Company Secretary is the Secretary of the Committee.

H. Subsidiary Company

In terms of Regulation 16(1)(c) of the Listing Regulations, PESL is material subsidiary of the Company as on 31st March, 2020. The Company doesn't have any other subsidiary or associate. The Policy on Material Subsidiary is available on the website of the Company at www.pokarna.com. All the Independent Directors of the Company are also Independent Directors on the Board of PESL as on 31st March, 2020.

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

I. General Body Meetings

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

Date of AGM	Venue	Time	Whether Special Resolution passed	Summary of Special Resolutions
18th September, 2017	Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India – 500016	10.30 a.m.	No	Nil
14th September, 2018	Hotel Vivanta by Taj, 1-10-147 & 148, Opp: Hyderabad Public School, Begumpet, Hyderabad, Telangana, India – 500016	10.30 a.m.	No	Nil
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

(b) Postal Ballot: During the year under review, the company has completed process of one postal ballot as per the provisions of section 110 of the companies act, 2013. Mr.K.V Chalmareddy was appointed as scrutinizer for conducting postal ballot in a fair and transparent manner .The voting was conducted through physical as well as electronic mode. The company has engaged the services of Karvy to provide e-voting facility to the members. The Notice of the postal ballot was accompanied with detailed instructions kit to enable the members to understand the procedure and manner in which postal ballot voting (including remote e-voting) to be carried out. The following Resolutions are deemed to have been passed on the last date of e-voting and receipt of Postal Ballot i.e. 28th June,2020 The aforesaid voting results along with the Scrutinizer's Report has been displayed at the Registered Office and Corporate Office of the Company and on the website of the Company viz,. www.pokarna.com. All the resolutions were approved with requisite majority. The details of results of postal ballot are as under.

At present there is no special resolution proposed to be conducted through postal ballot.

J. Means of Communication:

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

K. General Shareholders' Information

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

(i) Twenty-Ninth (29th) Annual General Meeting (AGM):

Date: 29th September, 2020, Tuesday.
Time :11.00 A.M
Venue: The company is conducting through VC/OAVM pursuant to the MCA Circular dated 5 may 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the notice of the AGM.

(ii) Dividend Payment Date: The final dividend, if declared by the shareholders at the Twenty-Eighth (29th) AGM scheduled on 29th September, 2020 will be paid within 30 days on and from 29th September, 2020.

(iv) Closure of Register of Members: The Register of Members of the Company shall remain closed from Thursday, 24th September, 2020 to Tuesday, 29th September, 2020 (both the days inclusive) for the purpose of dividend and AGM.

(v) Listing on Stock Exchanges and Stock Code:

BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street Mumbai- 400001 Phones: (022) 22721233/4, 91-22-66545695 Fax: (022) 22721919 Stock Code: 532486	**National Stock Exchange of India Ltd.,** Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 Tel No: (022) 26598100 - 8114Fax No: (022) 26598120 Stock Code: "Pokarna"

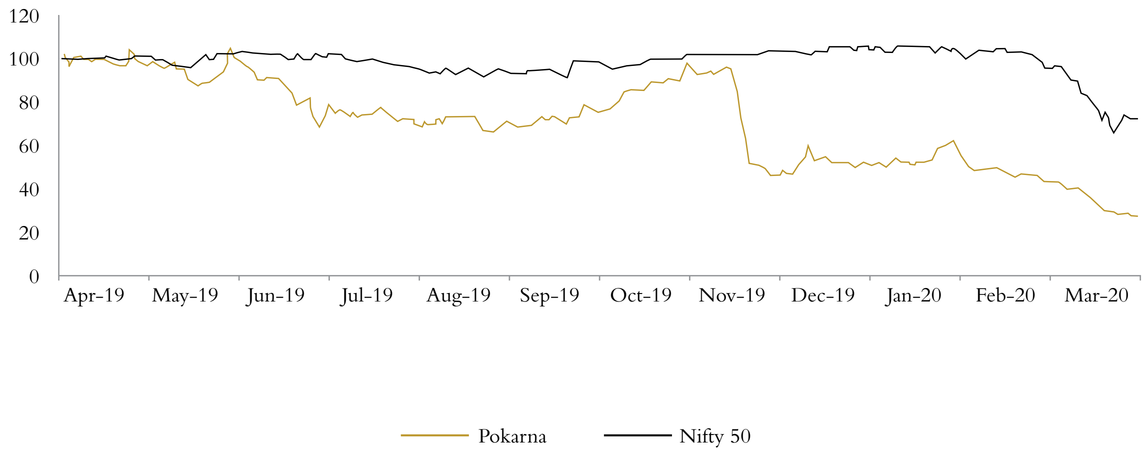
Listing fees for the year have been paid to both the above Stock Exchanges.

(vi) Market Price Data: High and Low during each month in the financial year 2019-20:

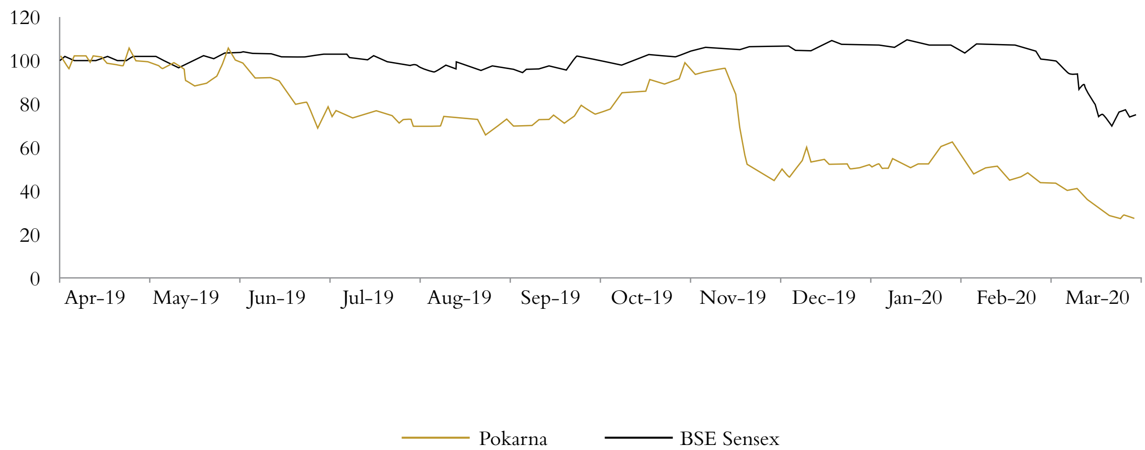
Month	BSE		NSE	
	High	Low	High	Low
Apr-19	191	171	191	171
May-19	202	157	202	157
Jun-19	182	120	182	120
Jul-19	144	122	144	122
Aug-19	141	114	141	114
Sep-19	154	121	154	121
Oct-19	181	134	181	134
Nov-19	180	80	180	80
Dec-18	114	74	114	74
Jan-20	116	88	116	88
Feb-20	99	78	99	78
Mar-20	82	46	82	46

(vii) Performance of the Company's equity shares (closing share price) in comparison to BSE Sensex and NSE Nifty during the financial year 2019-20:

Pokarna Limited's Share Price at the NSE versus the Sensex for the year 2019-20 is as follows:



Pokarna Limited's Share Price at the BSE versus the Sensex for the year 2019-20 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@karvy.com

(x) Share Transfer Process: Transfer of shares in physical form is processed by the Company's Registrar and Transfer Agents ("RTA") within fifteen days from the date of lodgement, provided the documents therefor are complete in all respects. All requests for transfer/transmission in physical form after they are processed by the RTA are submitted to the Company for approval. The Company Secretary is authorised by the Board to consider and approve such transfer/transmission requests. As per Regulation 40 of the Listing Regulations, securities of listed companies can be transferred only in 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, 2020:

Distribution of Shareholding as on 31/03/2020 (TOTAL)				
Category (Shares)	**Cases**	**% of Cases**	**Amount**	**% Amount**
1 – 5000	13262	96.06	6728792.00	10.85
5001 - 10000	277	2.01	2049746.00	3.31
10001 - 20000	136	0.99	2022954.00	3.26
20001 - 30000	32	0.23	792678.00	1.28
30001 - 40000	31	0.22	1135172.00	1.83
40001 - 50000	8	0.06	372096.00	0.60
50001 - 100000	27	0.20	1946766.00	3.14
100001 and above	33	0.24	46959796.00	75.73
Total	**13806**	**100.00**	**62008000**	**100.00**

(xiv) Dematerialisation of shares and Liquidity: 99.42 % of the shareholding has been dematerialized as on 31st March, 2020.

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

(xvi) Plant Locations:

Granite Processing Plants:

Unit 1:

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

Unit 2:

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

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

Apparel:

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

Quartz Surfaces #

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

owned and operated by the wholly owned subsidiary Pokarna Engineered Stone Limited

(xvii) Address for correspondence:

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

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

L. Other Disclosures:

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

(b) Disclosure on Material Related Party Transactions: There were no materially significant related party transactions entered by the Company during Financial Year 2019-20. Prior omnibus approval of the Audit Committee was obtained for the transactions which are foreseen and are repetitive in nature. A statement of related party transactions is placed before the Audit Committee and Board on quarterly basis. Transactions with the Related Parties as required under Indian Accounting Standard (Ind AS) – 24, Related Party Transactions, are disclosed in Note No. 32 of the financial statements forming part of this Annual Report.

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

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

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

(f) Commodity price risk or foreign exchange risk and hedging activities: The Company does not deal with any commodity and hence not exposed to any commodity price risk. Management Discussion and Analysis sets out the risks identified and the mitigation plans thereof. As on 31st March, 2020, the Company has foreign exchange receivable of 5637.03 Lakhs and the foreign exchange payable as on 31st March, 2020 is 244.73Lakhs.

(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, 2020, 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 ₹ 21.73 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 2019-20. 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, 2020. 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 2020.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.

M. 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.

N. 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 2019-20.

Sd/-

Date: 27th June,2020.
Place: Secunderabad

Gautam Chand Jain
Chairman & Managing Director

COMPLIANCE CERTIFICATE

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

We the undersigned hereby certify that:

A. We have reviewed financial statements and the cash flow statement for F.Y. 2019-20 and that to the best of our knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) these statements together present a true and fair view of the Company affairs and are in compliance with existing accounting standards, applicable laws, and regulations.

B. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

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

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

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

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

3) No instances of significant fraud, in which the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting, of which we became aware of.

For **Pokarna Limited**

	Sd/-	Sd/-
	Gautam Chand Jain	**M.Viswanatha Reddy**
Date: 27th June,2020.	Chairman & Managing	Chief Financial Officer
Place: Secunderabad	DIN: 00004775	

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

I, .K.V.Chalama Reddy, Practicing Company Secretary have examined the Company and Registrar of Companies records, books and papers of Pokarna Limited (CIN: L14102TG1991PLC013299) having its Registered Office at 105,Surya Towers, S.P Road-500003 Telangana State, India (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on 31st March, 2020.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations and representation furnished to me by the Company, its officers and agents, I certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on 31st March, 2020:

List of Directors of the Company as on 31st March, 2020:

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

Sd/-
K.V Chalama Reddy
Practising Company Secretary
M.NO:F9268
CP.NO:5451
UDIN number: F009268B000486547

Date: 27th June,2020.
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 Regulation46(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, 2020. 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, 2020.

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.

K.V. CHALAMA REDDY
Practicing Company Secretary
M .No .: F9268, C.P.No:5451
UDIN number: F009268B000659258

Place : Hyderabad
Date : 27th June, 2020

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, 2020, 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, 2020, loss 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.39 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 No.	Key Audit Matter	Auditors Response
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.	**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 No.	Key Audit Matter	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.
2	**Revenue Recognition:** The Company recognizes revenue from sale of goods 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. In determining the sales price, the Company considers the effects of rebates and discounts. The terms of sales arrangements, including the timing of transfer of control, the nature of discount and rebates arrangements and delivery specifications, post sale discounts, warranties which create complexity and judgment in determining sales revenues and accordingly, it was determined to be a key audit matter in our audit of the standalone financial statements.	**Principal Audit Procedures :** Our audit procedures included the following: Considered the appropriateness of Company's revenue recognition policy and its compliance in. terms of Ind AS 115 'Revenue from contracts with customers'; Assessed the design and tested the operating effectiveness of internal controls related to sales and related rebates and discounts; Performed sample tests of individual sales transaction and traced to sales invoices, sales orders and other related documents. In respect of the samples selected, tested that the revenue has been recognized as per the sales agreements; Assessed the relevant disclosures made in the Standalone financial statements.
3	**Related Party Transactions:** The Company has entered into several transactions with related parties during the year. We identified related party transactions as a key audit matter because of risks with respect to completeness of disclosures made in the financial statements; compliance with statutory regulations governing related party relationships such as the Companies Act, 2013 and SEBI Regulations and the judgement involved in assessing whether transactions with related parties are undertaken at arms' length.	**Principal Audit Procedures :** In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: We carried out an assessment of the key controls to identify and disclose related party relationships and transactions in accordance with the relevant accounting standard. We carried out an assessment of compliance with the listing regulations and the regulations under the Companies Act, 2013, including checking of approvals/ scrutiny as specified in Sections 177 and 188 of the Companies Act, 2013 with respect to the related party transactions. We considered the adequacy and appropriateness of the disclosures in the financial statements, including recoverability thereof, relating to the related party transactions. For transactions with related parties, we inspected relevant ledgers, agreements and other information that may indicate the existence of related party relationships or transactions. We also tested completeness of related parties with reference to the various registers maintained by the Company statutorily. We have tested on a sample basis, Company's assessment of related party transactions for arm's length pricing.
4.	**Inventory of raw material, work in progress, finished goods, Stores & Spares etc., (Existence at close of the year)** Physical verification of Inventory was performed by the management subsequent to the yearend due to the restrictions imposed on account of COVID-19.	**With respect to the existence of Inventory as at the year end**: a) Evaluated the design and implementation of the controls over physical verification of inventory and tested the operating effectiveness of these controls during the interim periods. b) Due to the COVID-19 related lock-down we were not able to participate in the physical verification of inventory that was carried out by the management subsequent to the year end. Consequently, we have participated in the physical verification of inventories conducted by the management subsequent to the year end, through video calls and performed roll back procedures.

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 management discussion and analysis, Boards report including Annexure to Boards Report, Corporate Governance and Shareholders information, but does not include the financial statements and our auditor's report thereon. Our opinion on financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

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

Responsibilities of Management for the Standalone financial statements

The Company's Board of Directors 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, we report that:

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

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

c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the statement of change in equity, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2019;

e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

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

   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, 2020.

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

(Manoj Kumar Bihani)
Partner
Membership No. 234629
UDIN No.20234629AAAAAZ8339

Place: Hyderabad
Date: 27.06.2020

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, 2020

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of one year. In accordance with this programme, the fixed assets 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, the title deeds of immovable properties, as disclosed in Note No.3 to the standalone financial statements, are held in the name of the Company, except for the following:

Particulars of land	Gross Block as at March 31, 2020 (March 31,2019) (in lakhs)	Net Block as at March 31,2020 (March 31, 2019) (in lakhs)	Remarks
Freehold land to the extent of 41.94 acres (py. 42.92 acres) at various locations	44.22 (92.10)	44.22 (92.10)	The title deeds are pending for execution in favour of the Company.

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

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. The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Act. According to the information and explanations given to us, the company has provided the security by way of pledging of equity shares and provided corporate guarantee during the year to the lenders to its subsidiary, Pokarna Engineered Stone Limited to avail the credit facilities. In our opinion, The Company has complied with the provisions of section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under section 186 of the Companies Act

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 thereunder.

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 2020 for a period of more than six months from the date they became payable.

(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 any dispute other than those mentioned here in below:

Sl. No.	Name of the Statute	Nature of dues	Amount Rs. In lakhs	Period to which the amount relates	Forum where dispute is pending	Remarks if any Paid under dispute Rs.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	5.57 (5.57)
2	Central Excise Act,1944	Excise Duty	148.84 (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	159.98 (140.86)	2000-01 to 2002-03 & 2005-06,2006-17,2017-18	High Court of Andhra Pradesh & Commissioner of Income Tax	Nil
5	AP Vat Act, 2005 & Central Sales Tax Act,1956	VAT & CST	266.05 (79.26)	2011-12, 2013-14, 2014-15 & 2017-18	Deputy Commissioner of Commercial Taxes	34.97 (10.55)
	Total		**879.88 (692.42)**			**40.54 (16.12)**

(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 dues to any financial institution or bank or debenture holders as at the Balance Sheet date.

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. Further, 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 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 for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

xiii. 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. Accordingly, paragraph 3 of the Order is not applicable to the Company

xv. 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. Accordingly, 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. Accordingly, 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: 27.06.2020

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 2020 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 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 with reference to financial statements 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 with reference to financial statements. 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 statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements:

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control system with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal financial control with reference to financial statements 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: 27.06.2020

Standalone Balance Sheet

(₹ in Lakhs)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	9536.90	10003.20
(b) Capital work-in-progress		233.72	218.68
(c) Intangible assets	3	53.01	57.32
(d) Financial assets			
(i) Investments	4	6115.88	6115.88
(ii) Loans	5(A)	456.76	466.65
(iii) Other financial assets	6(A)	4.17	3.48
(e) Other non-current assets	7(A)	39.12	43.36
Total non-current assets		**16439.56**	**16908.57**
II Current assets			
(a) Inventories	8	3184.96	2912.07
(b) Financial assets			
(i) Trade receivables	9	770.96	1301.56
(ii) Cash and cash equivalents	10	66.65	215.26
(iii) Bank balances other than (ii) above	11	148.62	343.16
(iv) Loans	5(B)	128.97	195.56
(v) Other financial assets	6(B)	5.38	5.14
(c) Current tax assets	12	15.20	5.30
(d) Other current assets	7(B)	494.57	531.94
Total current assets		**4815.31**	**5509.99**
TOTAL ASSETS		**21254.87**	**22418.56**
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	13	620.08	620.08
(b) Other equity	14	12534.40	13228.05
Total equity		**13154.48**	**13848.13**
Liabilities			
II Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15(A)	2301.90	2156.82
(ii) Other financial liabilities	16(A)	436.36	-
(b) Provisions	17(A)	325.42	264.05
(c) Deferred tax liabilities (net)	18	255.34	568.46
Total non-current liabilities		**3319.02**	**2989.33**
III Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15(B)	2397.96	2057.67
(ii) Trade payables	20		
a) total outstanding dues of micro enterprises and small enterprises		13.34	10.10
b) total outstanding dues of creditors other than micro enterprises and small enterprises		897.78	735.08
(iii) Other financial liabilities	16(B)	468.51	1374.26
(b) Other current liabilities	19	980.50	1298.18
(c) Provisions	17(B)	23.28	17.64
(d) Current tax liabilities (net)	21	-	88.17
Total current liabilities		**4781.37**	**5581.10**
TOTAL EQUITY AND LIABILITIES		**21254.87**	**22418.56**
Notes forming part of the financial statements	1 - 45		

In terms of our report attached

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

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 27th June, 2020

For and on behalf of Board of Directors

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

Prakash Chand Jain
Director
(D.No: 00084490)

M Viswanatha Reddy
Chief Financial Officer

Meka Yugandhar
Director
(D.No: 00012265)

Apurva Jain
Executive Director
(D.No: 06933924)

Mahesh Inani
Company Secretary

Standalone Statement of Profit and Loss

(₹ in Lakhs)

		Note	Year ended March 31, 2020	Year ended March 31, 2019
	Income			
I	Revenue from operations	22	7729.80	14631.21
II	Other income	23	83.34	136.41
III	**Total income**		**7813.14**	**14767.62**
IV	**Expenses**			
	a) Cost of raw material consumed	24	923.54	1605.28
	b) Purchase of stock-in-trade		265.75	226.07
	c) Changes in stock of finished goods, work-in-progress and stock-in-trade	25	(453.28)	346.02
	d) Employee benefits expense	26	2193.92	2377.37
	e) Depreciation and amortization expense	27	1222.53	1470.76
	f) Finance costs	28	568.10	583.48
	g) Other expenses	29	3869.43	7159.01
	Total expenses		**8589.99**	**13767.99**
V	**Profit before tax (III-IV)**		**(776.85)**	**999.63**
VI	**Tax expense:**	30		
	a) Current tax		10.40	503.50
	b) Deferred tax		(306.54)	(191.66)
	Total tax expense		**(296.14)**	**311.84**
VII	**Profit after tax (V-VI)**		**(480.71)**	**687.79**
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss		4.73	63.69
	(ii) Income tax relating to items that will not be reclassified to profit or loss		6.58	(11.25)
	Total other comprehensive income		**11.31**	**52.44**
IX	**Total comprehensive income for the year (VII+VIII)**		**(469.40)**	**740.23**
X	Earnings per share - Basic and Diluted (in ₹)		(1.55)	2.22
	Nominal Value of share (in ₹)		2.00	2.00
	Notes forming part of the financial statements	1 - 45		

In terms of our report attached

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

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 27th June, 2020

For and on behalf of Board of Directors

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

Prakash Chand Jain
Director
(D.No: 00084490)

M Viswanatha Reddy
Chief Financial Officer

Meka Yugandhar
Director
(D.No: 00012265)

Apurva Jain
Executive Director
(D.No: 06933924)

Mahesh Inani
Company Secretary

Standalone Statement of Changes in Equity

A) Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Equity shares		
Balance at the beginning of the year	620.08	620.08
Changes during the year	-	-
Balance at the end of the year	**620.08**	**620.08**

B) Other Equity

(₹ in Lakhs)

Particulars	General Reserve	Retained earnings	Securities Premium	Other Comprehensive Income	Total Equity
Balance as at 01.04.2019	**980.36**	**12034.42**	**73.96**	**139.31**	**13228.05**
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)
Balance as at 31.03.2020	**980.36**	**11329.46**	**73.96**	**150.62**	**12534.40**

(₹ in Lakhs)

Particulars	General Reserve	Retained earnings	Securities Premium	Other Comprehensive Income	Total Equity
Balance as at 01.04.2018	**980.36**	**11570.89**	**73.96**	**86.87**	**12712.08**
Profit for the year		687.79			687.79
Movement in OCI (Net) during the year				52.44	52.44
Dividend		(186.02)			(186.02)
Tax on dividend		(38.24)			(38.24)
Balance as at 31.03.2019	**980.36**	**12034.42**	**73.96**	**139.31**	**13228.05**

In terms of our report attached

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

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 27th June, 2020

For and on behalf of Board of Directors

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

Meka Yugandhar
Director
(D.No: 00012265)

Prakash Chand Jain
Director
(D.No: 00084490)

Apurva Jain
Executive Director
(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

Mahesh Inani
Company Secretary

Standalone Statement of Cash Flow

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
(A) Cash flows from operating activities		
Profit before taxes	**(776.85)**	**999.63**
Adjustments:		
Depreciation and amortization expense	1222.53	1470.76
Loss/(profit) on sale of property, plant & equipment	10.24	28.63
Gain on modification of lease	(29.17)	-
Unrealized foreign exchange (gain) / loss, net	136.71	132.17
Finance costs	568.10	583.48
Interest income	(23.58)	(31.80)
Operating profit before working capital changes	**1107.98**	**3182.87**
Changes in working capital and other provisions:		
Trade receivables	549.10	927.07
Inventories	(272.88)	20.38
Loans and advances and other assets	319.23	188.66
Other Liabilities and provisions	(5.19)	(168.73)
Cash generated from operations	**1698.24**	**4150.25**
Income taxes paid, net	(108.47)	(519.85)
Net cash from/(used in) operating activities	**1589.77**	**3630.40**
(B) Cash flows from investing activities		
Purchase of property, plant and equipment and changes in CWIP	(66.12)	(300.57)
Proceeds from sale of property, plant and equipment	4.88	20.98
Interest income	23.58	31.80
Net cash from /(used in) investing activities	**(37.66)**	**(247.79)**
(C) Cash flows from financing activities		
Bank borrowings	(1530.71)	(1353.86)
Other borrowings	53.23	(901.40)
Principal payments of Lease Liabilities	(123.86)	-
Interest expense (including lease liabilities)	(568.10)	(583.48)
Dividend paid	(224.26)	(224.26)
Net cash generated in financing activities	**(2393.70)**	**(3063.00)**
Net increase/ (decrease) in cash and cash equivalents	**(841.59)**	**319.61**
Add: cash and cash equivalents at the beginning of the year	(324.71)	(729.74)
Effect of exchange gain on cash and cash equivalents	56.52	85.42
Cash and cash equivalents at the end of the year (refer note. 10.1)	**(1109.78)**	**(324.71)**

In terms of our report attached

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

Manoj Kumar Bihani
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Mahesh Inani
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, 2020. 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 Statement of compliance and basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 (" the Act ") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and as amended. These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

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

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

2.2 Current versus non-current classification

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

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

(ii) Held primarily for the purpose of trading

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

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

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

All other liabilities are classified as non-current.

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

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

2.3 Critical estimates and judgements

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

(i) Assessment of functional currency

(ii) Estimation of provision for decommissioning and restoration liabilities

Notes to Standalone Financial Statements

(iii) Recognition of stripping activity asset

(iv) Assets and obligations relating to employee benefits

(v) Measurement of Lease liabilities and Right of Use Asset (ROUA)

(vi) Key assumptions used in discounted cash flow projections

(vii) Recognition of deferred tax assets

(viii) Estimation of uncertainties relating to the global health pandemic from COVID-19

2.4 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, 2020.

2.5 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, 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:

Notes to Standalone Financial Statements

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

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

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

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

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.

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

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

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

(ii) Non-financial assets :

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

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

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

Notes to Standalone Financial Statements

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) Lessee

The Company has adopted Ind AS 116-Leases effective 1st April, 2019, 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, 2019). 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 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) 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.

Notes to Standalone Financial Statements

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 and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

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

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

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

Investment in subsidiaries:

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

(ii) Financial liabilities

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

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

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

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

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

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.

Notes to Standalone Financial Statements

(ii) Post -employment benefits:

Defined contribution plans:

Provident Fund

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

Employee state Insurance Scheme

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

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

Defined benefit plans:

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

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

Other long-term employee benefits

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

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

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

The company assess the valuation of Inventories at each reporting period and write down the value for different finished goods based on their quality classes and ageing. Inventory provisions are provided to cover

Notes to Standalone Financial Statements

risks arising from slow-moving items, discontinued products, and net realizable value lower than cost. The process for evaluating these write-offs often requires us to make subjective judgments and estimates, based primarily on historical experience, concerning prices at which such inventory will be able to be sold in the normal course of business, to the extent each of these factors impact the Company's business.

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.

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

Notes to Standalone Financial Statements

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

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

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 determing 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.

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

Notes to Standalone Financial Statements

at the rates on the date of transaction . The date of transaction for the purpose of determing 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.

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.

Notes to Standalone Financial Statements

3. Property, plant and equipment & Intangible assets

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment		
A. Owned Assets	9010.61	10003.20
B. ROU Leased Assets	526.29	-
Total	9536.90	10003.20
Owned - Intangible assets	53.01	57.32

A. Owned Assets

(₹ in Lakhs)

Particulars	Property, plant and equipment								Intangible assets		
	Land	Buildings	Factory & quarry buildings	Plant & machinery	Vehicles	Furniture & fixtures	Office equipment	Total of property, plant and equipment	Trade marks & brand name	Stripping cost activity asset	Total of Intangible assets
1. Deemed cost (Gross carrying amount)											
Balance as at 1st April 2018	673.89	58.07	3471.44	15773.71	874.88	710.78	434.49	**21997.26**	382.80	196.57	**579.37**
Additions	-	-	4.72	105.33	76.21	31.81	9.94	**228.01**	-	10.24	**10.24**
Disposals/ transfer	-	-	-	(198.58)	(70.55)	(41.15)	(9.33)	**(319.61)**	-	(140.86)	**(140.86)**
Balance as at 31st March 2019	**673.89**	**58.07**	**3476.16**	**15680.46**	**880.54**	**701.44**	**435.10**	**21905.66**	**382.80**	**65.95**	**448.75**
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)**	-	-	**-**
Balance as at 31st March 2020	676.77	58.07	3476.16	15715.78	864.42	663.52	435.83	21890.55	382.80	65.95	448.75
2. Accumulated Depreciation											
Balance as at 1st April 2018	-	37.20	1160.61	8411.38	470.93	437.23	329.52	**10846.87**	382.80	4.31	**387.11**
Depreciation/ amortisation for the year	-	2.03	163.21	958.60	79.13	85.75	40.42	**1329.14**	-	141.62	**141.62**
Disposals/ transfers	-	-	-	(178.28)	(60.63)	(26.90)	(7.74)	**(273.55)**	-	(137.30)	**(137.30)**
Ind-AS Adjustment / reclassification	-	-	-	-	-	-	-	**-**	-	-	**-**
Balance as at 31st March 2019	**-**	**39.23**	**1323.82**	**9191.70**	**489.43**	**496.08**	**362.20**	**11902.46**	**382.80**	**8.63**	**391.43**
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)**	-	-	**-**
Balance as at 31st March 2020	-	40.25	1445.98	9951.21	551.82	502.32	388.36	12879.94	382.80	12.94	395.74
3. Carrying amount (net)											
At 31st March 2019	673.89	18.84	2152.34	6488.76	391.11	205.36	72.90	**10003.20**	-	57.32	**57.32**
At 31st March 2020	676.77	17.82	2030.18	5764.57	312.60	161.20	47.47	9010.61	-	53.01	53.01

Notes to Standalone Financial Statements

3. Property, plant and equipment & Intangible assets (Contd..)

3.1) Capital work-in-progress ₹233.72 lakhs (previous year ₹218.68 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 ₹92.10 lakhs) admeasuring 41.94 acres (previous year 42.92 acres) for which title/conveyance deeds are pending for execution in favour of company.

B.ROU Leased Assets *

(₹ in Lakhs)

Particulars	Buildings
1. Deemed cost (Gross carrying amount)	
Balance as at 1st April 2019	-
Additions	-
Addition on account of transitions to Ind AS 116 -1st Apirl, 2019	1134.95
Disposals/ transfer	(472.81)
Balance as at 31st March 2020	**662.14**
2. Accumulated Depreciation	
Balance as at 1st April 2019	-
Depreciation/ amortisation for the year	189.67
Disposals/ transfers	(53.82)
Balance as at 31st March 2020	**135.85**
3. Carrying amount (net)	
At 31st March 2019	-
At 31st March 2020	**526.29**

*refer note. 44

4 Investments

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade - unquoted		
Non-current - at cost		
In subsidiary companies -		
Equity shares of Pokarna Engineered Stone Limited		
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
Total	**6115.88**	**6115.88**

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

Notes to Standalone Financial Statements

5 Loans

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Loan receivables considered good -unsecured		
Security deposit	328.41	335.80
Other loans	128.35	130.85
Total	**456.76**	**466.65**

5.1 Security deposit includes ₹86.10 lakhs (previous year ₹83.90 lakhs) pledged to mines & geology and other departments.

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Loan receivables considered good -unsecured		
Other loans	128.37	194.85
Loans to employees	0.60	0.71
Total	**128.97**	**195.56**

6 Other financial assets

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Deposits with maturity for more than 12 months		
Margin money given against a bank guarantee/letter of credit	3.80	3.34
Interest accrued on fixed deposits	0.37	0.14
Total	**4.17**	**3.48**

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Interest accrued on fixed deposits	5.38	5.14
Total	**5.38**	**5.14**

7 Other assets

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Capital advances	14.77	11.77
Defer lease rentals	24.35	31.59
Total	**39.12**	**43.36**

Notes to Standalone Financial Statements

7 Other assets (Contd..)

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Indirect taxes receivable	216.04	176.47
Advance to suppliers	220.09	267.63
Prepaid expenses	58.44	87.84
Total	**494.57**	**531.94**

8 Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials	670.60	714.16
Work-in-progress	75.21	131.39
Finished goods	2054.65	1537.43
Traded goods	31.67	39.43
Consumables, stores & spares	325.67	459.67
Packing material	27.16	29.99
Total	**3184.96**	**2912.07**
Details of materials in transit included in inventories above		
Raw materials	**-**	**2.38**
Consumables, stores & spares	**3.32**	**13.86**

9 Trade receivables

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Considered good -secured	-	-
Considered good -unsecured	770.96	1301.56
Which have significant increase in credit risk	153.85	153.85
Credit impaired	-	-
Allowance for credit losses	(153.85)	(153.85)
Total	**770.96**	**1301.56**

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, 2020	As at March 31, 2019
Cash in hand	7.39	3.31
Balances with banks:		
On current accounts	59.26	211.95
Total	**66.65**	**215.26**

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, 2020	As at March 31, 2019
Cash and cash equivalents	66.65	215.26
Less: Cash credit [refer note. 15(B)]	(1176.43)	(539.97)
Total	**(1109.78)**	**(324.71)**

11 Other bank balances

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Margin money given against a bank guarantee/letter of credit with maturity for more than 3 months but less than 12 months	137.21	333.23
In unpaid dividend account	11.41	9.93
Total	**148.62**	**343.16**

12 Current tax assets

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Tax refundable	15.20	5.30
Total	**15.20**	**5.30**

13 Share capital

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorized:		
10,00,00,000 (previous year 10,00,00,000) Equity Shares of ₹2/- each (₹2/-) par value	2000.00	2000.00
Issued, Subscribed and fully paid-up:		
3,10,04,000 (previous year 3,10,04,000) Equity Shares of ₹2/- each (₹2/-) fully paid-up	620.08	620.08
Total	**620.08**	**620.08**

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

(₹ 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 shareholders.

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹2 /- each fully paid				
Gautam Chand Jain	14187045	45.76	14187045	45.76
Reliance capital trustee co Ltd-A/c Nippon India small cap Fund	1637530	5.29	-	-

14 Other equity

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Securities Premium	73.96	73.96
General reserve	980.36	980.36
Net surplus in the statement of Profit and Loss		
Opening balance	12034.42	11570.89
Add: Profit for the year	(480.71)	687.79
	11553.71	**12258.68**
Less: Dividend paid	186.02	186.02
Tax on dividend	38.23	38.24
	11329.46	**12034.42**
Other comprehensive income		
Opening balance	139.31	86.87
Movement in OCI (net) during the year	11.31	52.44
	150.62	**139.31**
Total	**12534.40**	**13228.05**

15 Borrowings

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured loans - From banks (refer note. 15.1)		
Term loans in Indian rupees	17.54	61.24
Term loans in Foreign currency	1278.48	1345.32
Secured loans - From others (refer note. 15.1)		
Term loans in Indian rupees	8.85	18.11
Unsecured loans		
Loans & advances from related parties		
Loans from directors	997.03	732.15
Total	**2301.90**	**2156.82**

Notes to Standalone Financial Statements

15 Borrowings (Contd..)

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured loans - From banks		
Working capital Loans - repayable on demand (refer note. 15.1)		
Cash Credit Facilities in Indian rupees	1176.43	539.97
Packing Credit Loans in Foreign currency	1002.77	1127.40
Bill Discounting facilities in Foreign currency	218.76	390.30
Total	**2397.96**	**2057.67**

15.1 Foreign currency term loans & working capital facilities from Union Bank of India are secured by hypothecation of first charge on all immovable and movable properties including machineries, current assets such as inventories, book debts and other receivables of the company, both present and future and personal properties of some of the directors and guarantees of the Directors (other than independent directors).

Cash credit facility in Indian rupees carries interest @ 11.45%, Packing credit loans in foreign currency carries interest @ 2.77% and Bill discounting facilities in Foreign currency carries interest @ 2.11%.

Other term loans of ₹82.01 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	2020-21	2021-22	2022-23	2023-24	2024-25
Foreign currency term loans					
Rate of interest Libor plus 425 bps- 4.96%	274.91	366.55	366.55	366.55	178.83

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, 2020	As at March 31, 2019
Lease liability (refer note. 44)	436.36	-
Total	**436.36**	**-**

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of long term borrowings:		
Secured - From banks (refer note.15.1)	321.29	1237.49
Secured - From others (refer note.15.1)	9.24	111.77
Interest accrued but not due on borrowings	-	15.07
Unpaid dividend	11.41	9.93
Lease liability (refer note. 44)	126.57	-
Total	**468.51**	**1374.26**

Notes to Standalone Financial Statements

17 Provisions

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
For employee benefits		
Gratuity (refer note. 26(1a))	254.72	192.09
Compensated absence (refer note. 26(1b))	42.96	44.88
Others		
Restoration liability	27.74	27.08
Total	**325.42**	**264.05**

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
For employee benefits		
Gratuity (refer note. 26(1a))	21.57	15.28
Compensated absence (refer note. 26(1b))	1.71	2.36
Total	**23.28**	**17.64**

18 Deferred tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Liabilities		
Property, plant & equipment	539.83	722.79
	539.83	**722.79**
Deferred Tax Asset		
Receivables	38.72	44.80
Provisions	245.77	109.53
	284.49	**154.33**
Total	**255.34**	**568.46**

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
At the start of the year	568.46	748.86
Charge/ (Credit) to statement of P&L	(313.12)	(180.40)
At the end of the year	**255.34**	**568.46**

Component of Deferred tax liabilities/(asset)

(₹ in Lakhs)

Deferred tax liabilities/(asset) in relation to:	As at March 31, 2019	Charge/(credit) to profit or loss	As at March 31, 2020
Property, plant and equipment	722.79	(182.96)	539.83
Provisions	(109.53)	(136.24)	(245.77)
Receivables	(44.80)	6.08	(38.72)
Total	**568.46**	**(313.12)**	**255.34**

Notes to Standalone Financial Statements

19 Other liabilities

Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance received from customers	286.76	803.30
Creditors for capital expenditure	9.62	32.84
Statutory liabilities	45.56	64.48
Other liabilities	638.56	397.56
Total	**980.50**	**1298.18**

20 Trade payables

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) total outstanding dues of micro enterprises and small enterprises	13.34	10.10
b) total outstanding dues of creditors other than micro enterprises and small enterprises	897.78	735.08
Total	**911.12**	**745.18**

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

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end	12.43	5.36
b) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	3.36	1.72
c) Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	15.16	36.66
d) Interest paid, under section 16 of MSMED Act, to suppliers registered under the Act, beyond the appointed day during the year	-	-
e) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	1.23	1.65
f) Interest accrued and remaining unpaid at the end of accounting year	1.64	1.72
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, 2020	As at March 31, 2019
Provision for income tax	-	495.26
Less: Advance tax	-	407.09
Total	**-**	**88.17**

Notes to Standalone Financial Statements

22 Revenue from operations

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of products	7640.37	14570.57
Sale of services	89.43	60.64
Total	**7729.80**	**14631.21**

23 Other income

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on		
Bank deposits	9.69	15.48
Others	13.89	16.32
Commission income	3.23	9.05
Scrap sales	17.95	0.70
Gain on modification of lease	29.17	-
Sundry credit balances written back	-	34.81
Provision no longer required written back	-	40.91
Profit on sale of property, plant & equipment	0.78	2.57
Hire charges received	8.21	12.00
Miscellaneous income	0.42	4.57
Total	**83.34**	**136.41**

24 Cost of raw material consumed

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening stock	734.16	438.21
Add: Purchases	880.87	1901.23
	1615.03	**2339.44**
Less: Closing stock	691.49	734.16
Total	**923.54**	**1605.28**

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of the year		
Finished goods	1537.43	1904.22
Work-in-progress	131.39	99.55
Stock-in-trade	39.43	50.50
	1708.25	**2054.27**
Inventories at the end of the year		
Finished goods	2054.65	1537.43
Work-in-progress	75.21	131.39
Stock-in-trade	31.67	39.43
	2161.53	**1708.25**
Total	**(453.28)**	**346.02**

Notes to Standalone Financial Statements

26 Employee benefits expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages, bonus & allowances	1836.29	1977.80
Contribution to provident fund and other funds	127.51	147.18
Retirement benefits	109.16	85.67
Staff welfare expense	120.96	166.72
Total	**2193.92**	**2377.37**

26.1 Employee benefits:

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Defined contribution plan		
Employer's contribution to provident fund	113.48	126.07

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, 2020	Year ended March 31, 2019
Change in defined benefit obligations:		
Obligation at the beginning of the year	402.65	407.28
Current service costs	43.05	48.22
Interest costs	29.89	29.54
Remeasurement (gain)/losses	(1.94)	(45.29)
Benefit paid	(42.00)	(37.10)
Obligation at the end of the year	**431.65**	**402.65**

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Change in plan assets:		
Fair value of plan assets at the beginning of the year	195.28	211.63
Interest income	15.74	14.89
Return on Plan assets excluding net interest	(15.63)	(0.01)
Employers' contributions	1.97	5.87
Benefits paid	(42.00)	(37.10)
Fair value of plan assets at the end of the year	**155.36**	**195.28**

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, 2020	Year ended March 31, 2019
Fair value of plan assets at beginning/end of the year	(155.36)	(195.28)
Present value of obligation at the beginning/end of the year	431.65	402.65
	276.29	**207.37**
Recognised as:		
Retirement benefit liability - Current	21.57	15.28
Retirement benefit liability - Non-current	254.72	192.09

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefits expenses:		
Current service costs	43.05	48.22
Interest costs	14.15	14.64
Past service cost	24.35	-
	81.55	**62.86**
Other comprehensive income:		
(Gain)/loss on plan assets	15.63	0.01
Actuarial (gain)/loss arising from changes in demographic Assumption	-	-
Actuarial (gain)/loss arising from changes in financial assumption	32.56	1.20
Actuarial (gain)/loss arising from changes in experience adjustments	(34.50)	(46.49)
	13.69	**(45.28)**
Expenses recognised in the statement of profit and loss	**95.24**	**17.58**

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

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate (per annum)	6.74%	7.59%
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, 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

Notes to Standalone Financial Statements

26 Employee benefits expense (Contd..)

As at March 31, 2019

(₹ in Lakhs)

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

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, 2020	Year ended March 31, 2019
Change in defined benefit obligations:		
Obligation at the beginning of the year	47.24	53.79
Current service costs	19.26	19.13
Interest costs	3.49	3.68
Remeasurement (gain)/losses	(18.42)	(18.41)
Benefit paid	(6.90)	(10.95)
Obligation at the end of the year	**44.67**	**47.24**

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Change in plan assets:		
Fair value of plan assets at the beginning of the year		
Interest income		
Remeasurement gain/(losses)		
Employers' contributions	6.89	10.95
Benefits paid	(6.89)	(10.95)
Fair value of plan assets at the end of the year	**-**	**-**

Amounts recognised in the balance sheet consists of:

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fair value of plan assets at beginning/end of the year	-	-
Short term compensated absence liability		
Present value of obligation at the beginning/end of the year	44.67	47.24
	44.67	**47.24**
Recognised as:		
Retirement benefit liability - Current	1.71	2.36
Retirement benefit liability - Non-current	42.96	44.88

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, 2020	Year ended March 31, 2019
Employee benefits expenses:		
Current service costs	19.27	19.13
Interest costs	3.49	3.68
Past Service cost	4.85	
	27.61	22.81
Other comprehensive income:		
(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	3.40	0.13
Actuarial (gain)/loss arising from changes in experience adjustments	(21.16)	(18.54)
	(18.42)	(18.41)
Expenses recognised in the statement of profit and loss	9.19	4.40

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

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate (per annum)	6.74%	7.59%
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, 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

As at March 31, 2019

(₹ in Lakhs)

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

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, 2020	Year ended March 31, 2019
Depreciation on Property, plant & equipment (owned assets)	1028.55	1329.14
Depreciation on Property, plant & equipment (leased assets) (refer note. 44)	189.67	-
Amortization on intangible assets	4.31	141.62
Total	1222.53	1470.76

Notes to Standalone Financial Statements

28 Finance costs

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on borrowings:		
- Banks	333.81	430.91
- Others	109.22	139.22
Interest expense on lease liability (refer note. 44)	122.57	-
Interest on taxes / duties	2.50	13.35
Total	**568.10**	**583.48**

29 Other expenses

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of stores & spares	738.21	1183.55
Packing material	93.71	142.58
Processing & job work exp.	137.40	288.10
Power and fuel	987.68	1667.37
Repairs and maintenance:		
- Plant and machinery	43.51	64.02
- Building	0.18	44.13
- Others	25.91	37.69
Cutter and driller charges	251.83	454.71
Rent (refer note. 44)	15.90	278.89
Deferred lease expense written off	7.40	8.37
Rates and taxes	25.52	33.24
Insurance	74.98	80.70
Communication charges	31.97	37.45
Printing & stationery	16.81	19.64
Travelling & conveyance expenses	72.43	89.61
Electricity charges	33.59	38.03
Vehicle maintenance	65.58	101.72
Auditors remuneration	8.99	9.23
Advertisement	21.64	63.93
Professional & consultancy	103.79	113.00
Commission to non-executive directors	-	12.00
Directors sitting fees	9.00	5.20
Donations	1.04	9.55
CSR activity expenses	-	0.58
Fees & subscriptions	18.49	17.22
Government royalty and dead rent	424.66	1078.95
Sundry debit balances written off	-	6.10
Carriage outwards	383.27	692.36
Sales commission	7.36	27.85
Discounts and claims	42.71	155.70
Business promotion expenses	21.23	120.54
Sales tax	1.10	5.67
Impairment / loss on sale of PPE	11.02	31.20
Bank charges	21.35	26.01
Exchange Loss (Net)	139.95	178.03
Miscellaneous expenses	31.22	36.09
Total	**3869.43**	**7159.01**

Notes to Standalone Financial Statements

29 Other expenses (Contd..)

29.1 - Auditors remuneration

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Statutory audit	7.50	7.50
Certification	1.25	1.43
Out of pocket expenses	0.24	0.30

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 ₹33.93 lakhs (March 31, 2019 is ₹144.22 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 ₹ Nil (March 31, 2019 ₹0.58 lakhs) to facilitate education and environmental sustainability.

30 Income taxes

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax	-	495.26
Deferred tax	(306.54)	(191.66)
Tax in respect of earlier years	10.40	8.24
Deferred tax on comprehensive income	(6.58)	11.25
Total	**(302.72)**	**323.09**

B) Reconciliation of income tax expense

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Profit / (loss) before tax	(776.85)	999.63
Other comprehensive Income	4.73	63.69
Effective tax rate	25.168%	29.120%
Computed effective tax expense	(194.33)	309.64
Tax effect of:		
Expenses disallowed	412.34	492.69
Allowable items from IT act	286.19	307.07
Current tax provision (A)	**-**	**495.26**
Incremental deferred tax liability on account of PPE and intangible assets	(182.96)	(163.52)
Incremental deferred tax asset on account of financial assets and other items	130.16	16.88
Deferred tax provision (B)	**(313.12)**	**(180.40)**
Tax expense recognised in the statement of profit and loss (A+B)	**(313.12)**	**314.86**
Effective tax rate	**40.55%**	**29.61%**

Note: The deferred tax assets and liabilities at the close of the year has been measured at 25.168% (previous year 29.12%) based on tax rates that have been enacted by end of reporting period.

Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ("Ordinance") issued by Ministry of Law and Justice (Legislative Department) on September 20, 2019 effective from April 01, 2019, 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 Ordinance 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.

Notes to Standalone Financial Statements

31 Earnings per share (EPS)

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(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	(480.71)	687.79
(iv) Weighted average earnings per share (basic and diluted) (in ₹)	(1.55)	2.22

32 Related party disclosures :

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

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

a) Enterprises where control exits:

Pokarna Engineered Stone Limited – wholly owned subsidiary

b) Names of the associates:

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

c) Names of Key management personnel

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

d) Names of relatives

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

e) Name of executive & non-executive director

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

A. Compensation of key management personnel of the company

The amount mentioned below represents remuneration paid and debited to the company. The compensation includes salary, employer's contribution to PF, LTA, bonus, medical benefits, gratuity & leave encashment. All amounts mentioned below are inclusive of 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, 2020	Year ended March 31, 2019
Short-term employee benefits	191.33	186.51
Post-employment pension, provident fund and medical benefits	0.68	0.68
Termination benefits*	-	-
Total compensation paid to key management personnel	**192.01**	**187.19**

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

Notes to Standalone Financial Statements

32 Related party disclosures : (Contd..)

B. Transactions with KMP and other related parties 2019-20 (2018-19)

(₹ in Lakhs)

Nature of the transaction	Subsidiary	Key management personnel	Executive/ Non-executive directors	Associates/ other related parties	Relatives	Total
Purchases						
Goods and services, net	**-**	**-**	**-**	**13.53**	**-**	**13.53**
	-	-	-	(16.70)	-	(16.70)
Sales						
Goods and services, net	**17.77**	**-**	**-**	**1.96**	**-**	**19.73**
	(4.93)	-	-	(0.04)	-	(4.97)
Job work	**1.20**	**-**	**-**	**4.10**	**-**	**5.30**
	(0.13)	-	-	(0.88)	-	(1.01)
Expenses						
Remuneration	**-**	**192.01**	**19.97**	**-**	**-**	**211.98**
	-	(187.19)	(12.23)	-	-	(199.42)
Sitting fee & commission	**-**	**-**	**9.00**	**-**	**-**	**9.00**
	-	-	(17.20)	-	-	(17.20)
Rent	**-**	**5.84**	**8.47**	**32.58**	**29.57**	**76.46**
	-	(5.84)	(14.31)	(32.58)	(29.57)	(82.30)
Interest	**-**	**42.61**	**57.93**	**-**	**-**	**100.54**
	-	(34.67)	(79.91)	-	-	(114.58)
Income						
Hire charges	**7.28**	**-**	**-**	**-**	**-**	**7.28**
	(5.72)	-	-	-	-	(5.72)
Dividend						
Dividend	**-**	**88.12**	**2.64**	**-**	**14.66**	**105.42**
	-	(88.12)	(2.64)	-	(14.66)	(105.42)
Loans & advances						
Loans received	**-**	**260.00**	**-**	**-**	**-**	**260.00**
	-	(5.00)	-	-	-	(5.00)
Carrying amount						
Payables	**-**	**525.34**	**525.77**	**55.54**	**56.37**	**1163.02**
	-	(296.77)	(463.75)	(16.55)	(29.41)	(806.48)
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)

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, 2020	Year ended March 31, 2019
1	**Purchases**			
	Goods and services, net			
	Pokarna Fabrics Pvt Limited	Associate	9.37	10.96
	Karvy Computershare Pvt Ltd	Related party	-	2.08
	Karvy Data Management Services Ltd	Related party	3.70	3.33
	Southend	Associate	0.38	0.02
	Southend Extension	Associate	0.02	-
	Pokarna Marketing Pvt Ltd	Associate	0.06	0.31
2	**Sales**			
	Goods and services, net			
	Pokarna Engineered Stone Limited	Subsidiary	17.77	4.93
	Pokarna Fashions Pvt Limited	Associate	-	0.04
	Pokarna Marketing Pvt Ltd	Associate	1.79	-
	Southend Extension	Associate	0.17	-

Notes to Standalone Financial Statements

32 Related party disclosures : (Contd..)

(₹ in Lakhs)

S. No	Particulars	Relationship	Year ended March 31, 2020	Year ended March 31, 2019
	Job work			
	Southend	Associate	0.47	0.88
	Pokarna Engineered Stone Limited	Subsidiary	1.20	0.13
	Southend Extension	Associate	1.60	-
	Pokarna Fashions Pvt Limited	Associate	0.17	-
	Pokarna Marketing Pvt Ltd	Associate	1.07	-
	Pokarna Fabrics Pvt Limited	Associate	0.79	-
3	**Expenses**			
	Remuneration			
	Rahul Jain	Key management personnel	120.23	120.23
	Apurva Jain	Executive Director	19.97	12.23
	Viswanatha Reddy	Key management personnel	64.12	60.36
	Mahesh Inani	Key management personnel	7.66	6.60
	Sitting fee & commission			
	Prakash Chand Jain	Non-Executive Director	2.00	3.20
	Mahender Chand Chordia	Non-Executive Director	2.00	3.60
	Meka Yugandhar	Non-Executive Director	2.00	3.60
	T.V.Chowdary	Non-Executive Director	1.50	3.40
	Vinayak Rao Juvvadi	Non-Executive Director	1.50	3.40
	Rent			
	Pokarna Fabrics Pvt Limited	Associate	32.58	32.58
	Gautam Chand Jain	Key management personnel	5.84	5.84
	Prakash Chand Jain	Non-Executive Director	8.47	14.31
	Vidya Jain	Relative	8.47	8.47
	Ritu Jain	Relative	13.92	13.92
	Pratik Jain	Relative	7.18	7.18
	Interest			
	Gautam Chand Jain	Key management personnel	41.93	28.43
	Rahul Jain	Key management personnel	0.68	6.24
	Prakash Chand Jain	Non-Executive Director	57.93	79.91
	Dividend			
	Gautam Chand Jain	Key management personnel	85.12	85.12
4	**Income**			
	Hire charges			
	Pokarna Engineered Stone Limited	Subsidiary	7.28	5.72
5	**Loans & advances**			
	Loans received			
	Gautam Chand Jain	Key management personnel	260.00	-
	Rahul Jain	Key management personnel	-	5.00
6	**Carrying amount**			
	Payables			
	Pokarna Fabrics Pvt Limited	Associate	53.70	16.00
	Pokarna Marketing Pvt Ltd	Associate	-	0.29
	Southend Extension	Associate	-	-
	Gautam Chand Jain	Key management personnel	503.09	231.57
	Rahul Jain	Key management personnel	10.49	60.26
	Apurva Jain	Executive director	2.38	0.89
	Viswanatha Reddy	Key management personnel	7.98	3.54
	Mahesh Inani	Key management personnel	1.40	0.51
	Prakash Chand Jain	Non-Executive Director	513.98	453.61
	Nidhi Jain	Relative	5.86	5.86
	Neha Jain	Relative	16.44	16.44
	Vidya Jain	Relative	11.63	3.88
	Pratik Jain	Relative	9.70	3.23

Notes to Standalone Financial Statements

32 Related party disclosures : (Contd..)

(₹ in Lakhs)

S. No	Particulars	Relationship	Year ended March 31, 2020	Year ended March 31, 2019
	Ritu Jain	Relative	12.74	-
	Mahender Chand Chordia	Non-executive director	3.06	2.58
	Meka Yugandhar	Non-executive director	3.06	2.58
	T.V.Chowdary	Non-executive director	3.06	2.40
	Vinayak Rao Juvvadi	Non-executive director	2.61	2.58
	Karvy Data Management Services Ltd	Related party	1.84	0.26
	Rent deposit receivable			
	Pokarna Fabrics Pvt Limited	Associate	23.20	23.20
	Prakash Chand Jain	Non-executive director	8.33	8.33
	Vidya Jain	Relative	8.33	8.33
	Pratik Jain	Relative	8.33	8.33
7	**Investments**			
	Pokarna Engineered Stone Limited	Subsidiary	6115.88	6115.88

33 Contingent liabilities and commitments

33.1 Contingent liabilities:

(₹ in Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Letter of credits outstanding	14.55	21.58
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 till the date of achievement of commercial production	9711.47	2244.05
ii)	Other bank guarantees	2.53	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 ₹ nil lakhs (previous year ₹ nil lakhs)	159.58	140.86
ii)	Excise matters (including service tax), amount deposited ₹5.57 lakhs (previous year ₹5.57 lakhs)	396.34	396.39
iii)	Customs matters, amount deposited ₹ nil lakhs (previous year ₹nil lakhs)	75.91	75.91
iv)	Sales tax matters, amount deposited ₹34.95 lakhs (previous year ₹10.55 lakhs)	266.05	79.26
v)	Mines & geology matters, amount deposited ₹8.17 lakhs (previous year ₹8.17 lakhs)	1106.81	231.94
vi)	Cross subsidy charges payable to central power distribution company	52.53	52.53
vii)	Fuel surcharge adjustment (FSA) claim to the extent billed by power distribution companies of TG	-	5.29
viii)	Cross subsidy charges payable to state power distribution company	10.91	10.91
ix)	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 consider it in view of the interim order dated 26th April, 2016 of Hon'ble Andhra Pradesh High Court allowing stay on the amendment with retrospective effect till the time its constitutional validity is established.	39.20	39.20
x)	Other matters disputed	177.28	149.61
xi)	The Company has evaluated the impact of Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circulars issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a retrospective impact , amount remains uncertain and accordingly no provision has been made in the Financial Statements.	-	-

Notes to Standalone Financial Statements

33 Contingent liabilities and commitments

33.2 Capital commitments

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	-	28.25

33.3 Other commitments:

i) Granite processing units of the company situated at Aliabad and Toopronpet village are registered as a 100% export oriented units ("EOU"), and are exempted from customs and central excise duties, GST and levies on imported & indigenous capital goods and stores & spares. The company has executed a bond cum legal undertaking to pay customs duty, central excise duty,GST, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores & spares, consumed duty free, in the event that certain terms and conditions are not fulfilled. As on 31st March, 2020, the company has a positive net foreign exchange earning, as defined in the foreign trade policy 2009-2014 and 2015-2020 wherever applicable.

ii) Obligations towards environmental protection measures in respect of quarry leases ₹164.63 lakhs (previous year ₹87.85 lakhs)

iii) The company is also involved in other lawsuits, claims, investigations and proceedings, including trade mark and commercial matters, which arise in the ordinary course of business. However, there are no material claims on such cases.

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

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

35 In accordance with IND AS-108 "Operating segment", segment information has been given in the consolidated financial statements of Pokarna Limited and therefore no separate disclosure on segment information is given in these financial statements.

36 Capital management

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

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

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

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Gross debt	5030.39	5563.75
Less: Cash and bank balances	219.07	561.76
Adjusted net debt	4811.32	5001.99
Total equity	**13154.48**	**13848.13**
Adjusted net debt to equity ratio	0.37	0.36

Notes to Standalone Financial Statements

37 Financial instruments

Accounting classifications and fair values

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

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
Financial assets measured at fair value						
Security deposit	328.41	-	328.41	-	328.41	-
Financial assets not measured at fair value						
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	-	-	-
Total	**7697.39**	**-**	**7697.39**	**-**	**328.41**	**-**
Financial liabilities measured at fair value						
Lease liability	562.93	-	562.93	-	562.93	-
Financial liabilities not measured at fair value						
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	-	-	-
Accrued interest	-	-	-	-	-	-
Unpaid dividend	11.41	-	11.41	-	-	-
Total	**6515.85**	**-**	**6515.85**	**-**	**562.93**	**-**

31st March 2019

(₹ in Lakhs)

Particulars	Carrying amount			Fair value		
	Other financial assets-amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Security deposit	335.80	-	335.80	-	335.80	-
Financial assets not measured at fair value						
Investments	6115.88	-	6115.88	-	-	-
Other loans	326.41	-	326.41	-	-	-
Accrued interest	5.28	-	5.28	-	-	-
Trade receivables	1301.56	-	1301.56	-	-	-
Cash and bank balances	561.76	-	561.76	-	-	-
Total	**8646.69**	**-**	**8646.69**	**-**	**335.80**	**-**
Financial liabilities not measured at fair value						
Secured bank loans	4701.72	-	4701.72	-	-	-
Secured other loans	129.88	-	129.88	-	-	-
Loans from related parties	732.15	-	732.15	-	-	-
Trade payables	745.18	-	745.18	-	-	-
Accrued interest	15.07	-	15.07	-	-	-
Unpaid dividend	9.93	-	9.93	-	-	-
Total	**6333.93**	**-**	**6333.93**	**-**	**-**	**-**

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 Standalone Financial Statements

38 Financial risk management objectives and policies

I. Overview

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

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

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

II. Risk management framework:

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

- **Credit risk**

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

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

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

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Not due	111.34	292.26
Upto 1 year	505.48	842.08
1 to 2 years	92.27	165.00
2 to 3 years	106.34	68.82
More than 3 years	109.38	87.25
Total	**924.81**	**1455.41**

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, 2020	As at March 31, 2019
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 ₹66.65 lakhs (previous year ₹215.26 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.

Notes to Standalone Financial Statements

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

- **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 disasters.

iii) Exposure to Liquidity risk

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

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

31st March 2019

(₹ in Lakhs)

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

- **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, 2020		As at March 31, 2019	
Currency	**USD**	**EURO**	**USD**	**EURO**
Borrowings	2556.98	-	3625.23	-
Trade receivables	374.14	29.03	843.83	11.41
Trade and other payables (including payable for capital goods)	70.74	35.70	48.34	102.93
Interest accrued but not due	-	-	15.07	-
Bank balances (Including deposits)	9.60	38.50	326.77	38.62
Total	**3011.46**	**103.23**	**4859.24**	**152.96**

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 ₹221.21 lakhs (previous year ₹255.89 lakhs).

Notes to Standalone Financial Statements

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

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 ₹45.08 lakhs (previous year ₹57.84 lakhs). This analysis assumes that all other variables remain constant.

- **Operational risk**

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

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

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

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

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

39 Estimation of uncertainties relating to the global health pandemic from COVID-19:

The outbreak of COVID-19 pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In view of the lock down across the country due to COVID-19 pandemic, operations in many of our locations (manufacturing, processing, quarries, retail stores, offices, etc.) were scaled down or shut down in compliance with the directives/ orders issued by the local Panchayat / Municipal Corporation / State / Central Government authorities.

The Company has made initial assessment of its cash flow for the next one year and of the carrying values of its assets as at the balance sheet date and has concluded that there are no adjustments required in the financial statements. Management believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of financial results as on 31st March 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from the estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

40 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 27th June 2020, there are no subsequent events to be recognised or reported that are not already disclosed.

Notes to Standalone Financial Statements

41 The financial statements for the year ended 31st March 2020 have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 27th June 2020.

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 Jun 27, 2020, the Board of Directors of the company have proposed a dividend of ₹0.60 per share in respect of the year ended 31st March, 2020 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 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 till the date of achievement commercial production.

44 Transition to IND AS 116

The Company has adopted Ind AS 116 effective 1st April, 2019, 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, 2019). Accordingly, previous period information has not been restated. The Company's leases mainly comprise of Retail stores of Stanza, Office premises, guesthouses and warehouses. This has resulted in recognising a right-of-use lease asset of ₹1134.95 lakhs and a corresponding lease liability of ₹1134.95 lakhs. In the statement of profit and loss for the current year, operating lease expenses which were recognised as rent expenses in previous years is now recognised as depreciation on leased assets and finance cost for interest expense on lease liability. The lease liabilities were discounted using the incremental borrowing rate of the company 11.45%.

The impact of Ind AS 116 on the Company's financial statements at 31st March 2020 is as follows:

Balance sheet: The adoption of Ind AS 116 has resulted an increase in total assets of ₹526.29 Lakhs by right-of-use lease assets and increase in financial liabilities by ₹562.93 Lakhs

Statement of profit and loss: The adoption of Ind AS 116 has resulted an increase in depreciation by ₹189.67 Lakhs from the right-of-use lease assets and an increase in finance costs by ₹122.57 Lakhs per year due to the interest expense recognized on lease liabilities. This impact was offset due to reduction in operating lease expenses by ₹246.43 Lakhs for the year, resulting in an overall net reduction of profit before taxes of ₹65.81 Lakhs.

Statement of Cash flows: The adoption of Ind AS 116 has resulted an increase in operating cash flows by ₹246.43 Lakhs and decrease in financing cash flows by ₹246.43 Lakhs.

As a Lessee

Right of use of Assets

(₹ in Lakhs)

Particulars	As at March 31, 2020
Opening balance as on 01.04.2019	-
Additions on account of adoption of Ind As 116	1134.95
Reclassification from other assets - Prepaid lease expenses	-
ROU lease assets as on 01.04.2019	**1134.95**
ROU lease asset adjustments on modification of leases	(472.81)
Depreciation expense on leased assets during the year	(189.67)
Depreciation adjustment on modification of lease	53.82
Carrying value as on 31.03.2020	**526.29**

Notes to Standalone Financial Statements

44 Transition to IND AS 116 (Contd..)

Movement in lease liability during the year:

(₹ in Lakhs)

Particulars	As at March 31, 2020
Opening balance as on 01.04.2019	-
Additions on account of adoption of Ind As 116	1134.95
Adjustments on modification of leases	(448.16)
Interest expenses on lease liability	122.57
Principal payments of lease liability	(246.43)
As at 31st March 2020	**562.93**
Current	126.57
Non Current	436.36

Amounts recognised in the statement of cash flows

(₹ in Lakhs)

Particulars	As at March 31, 2020
Payments for leases in financing activity	246.43

Amounts recognised in statement of profit or loss

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation expense on leased assets	189.67	-
Interest expense on lease liability	122.57	-
Rent expense (Short term leases and leases of low value assets)	15.90	278.89
Total amount recognised in Profit or loss	**328.14**	**278.89**

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

In terms of our report attached

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

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 27th June, 2020

For and on behalf of Board of Directors

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

Meka Yugandhar
Director
(D.No: 00012265)

Prakash Chand Jain
Director
(D.No: 00084490)

Apurva Jain
Executive Director
(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

Mahesh Inani
Company Secretary

Notes to Standalone Financial Statements

Statement containing salient features of the Financial statement of Subsidiaries

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

(₹ in Lakhs)

	Particulars	March 31, 2020	March 31, 2019
5	Share capital	417.06	417.06
6	Other Equities	26429.51	18898.62
7	Total Assets	76856.24	44010.45
8	Total Liabilities	50009.67	24694.77
9	Investments	Nil	Nil
10	Revenue from Operations	31676.77	31595.42
11	Profit Before Taxation	9869.54	9124.24
12	Provision for Taxation	2302.56	1744.20
13	Profit After Taxation	7566.98	7380.04
14	Other Comprehensive Income	(36.09)	5.92
15	Total Comprehensive Income	7530.89	7385.96
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, 2020, 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, 2020, 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 statement*s section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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	**Contingent Liabilities and Commitments:** 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.	**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 Group'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 Group from external law firms to challenge the basis used for provisions recognised or the disclosures made in the consolidated financial statements; 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.

S No.	Key Audit Matter	Auditors Response
2	**Revenue Recognition:** The Group recognizes revenue from sale of goods 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. In determining the sales price, the Group considers the effects of rebates and discounts. The terms of sales arrangements, including the timing of transfer of control, the nature of discount and rebates arrangements and delivery specifications, post sale discounts, warranties which create complexity and judgment in determining sales revenues and accordingly, it was determined to be a key audit matter in our audit of the consolidated financial statements.	**Principal Audit Procedures:** Our audit procedures included the following: Considered the appropriateness of Group's revenue recognition policy and its compliance in. terms of Ind AS 115 'Revenue from contracts with customers'; Assessed the design and tested the operating effectiveness of internal controls related to sales and related rebates and discounts; Performed sample tests of individual sales transaction and traced to sales invoices, sales orders and other related documents. In respect of the samples selected, tested that the revenue has been recognized as per the sales agreements; Assessed the relevant disclosures made in the Consolidated financial statements.
3	**Related Party Transactions:** The Group has entered into several transactions with related parties during the year. We identified related party transactions as a key audit matter because of risks with respect to completeness of disclosures made in the consolidated financial statements; compliance with statutory regulations governing related party relationships such as the Companies Act, 2013 and SEBI Regulations and the judgement involved in assessing whether transactions with related parties are undertaken at arms' length.	**Principal Audit Procedures :** In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: We carried out an assessment of the key controls to identify and disclose related party relationships and transactions in accordance with the relevant accounting standard. We carried out an assessment of compliance with the listing regulations and the regulations under the Companies Act, 2013, including checking of approvals/ scrutiny as specified in Sections 177 and 188 of the Companies Act, 2013 with respect to the related party transactions. We considered the adequacy and appropriateness of the disclosures in the consolidated financial statements, including recoverability thereof, relating to the related party transactions. For transactions with related parties, we inspected relevant ledgers, agreements and other information that may indicate the existence of related party relationships or transactions. We also tested completeness of related parties with reference to the various registers maintained by the Group statutorily. We have tested on a sample basis, Group's assessment of related party transactions for arm's length pricing.
4	**Inventory of raw material, work in progress, finished goods, Stores & Spares etc., (Existence at close of the year)** Physical verification of Inventory was performed by the management subsequent to the yearend due to the restrictions imposed on account of COVID-19.	**With respect to the existence of Inventory as at the year end:** a) Evaluated the design and implementation of the controls over physical verification of inventory and tested the operating effectiveness of these controls during the interim periods. b) Due to the COVID-19 related lock-down we were not able to participate in the physical verification of inventory that was carried out by the management subsequent to the year end. Consequently, we have participated in the physical verification of inventories conducted by the management subsequent to the year end, through video calls and performed roll back procedures.
5	**Evaluation of Provision for Warranties** 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. Refer Note No.17.1 of the consolidated financial statements.	**Principal Audit Procedures:** Our audit approach was a combination of test of internal controls and substantive procedures. We have further reviewed the management's assumptions with respect to estimating the provision for warranties and noted based on the past experience of the levels of repairs and returns of certain products and services.

Information Other than the Consolidated financial statements and Auditor's Report Thereon

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

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

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

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

Management's Responsibility for the Consolidated financial statements

The Holding Company's Board of Directors 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 Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding 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 the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the 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, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report that:

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

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

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

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended including the Companies (Indian Accounting Standards) Amendment Rules, 2019;

(e) On the basis of the written representations received from the directors of the Holding and its subsidiary Company as on March 31, 2020 taken on record by the Board of Directors of the respective Company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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, incorporated in India, refer to our separate Report in "Annexure A" to this report;

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

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

(i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its subsidiary. Refer Note 32 to the consolidated Ind AS financial statements.

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

(iii) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Group and its subsidiary company during the year ended March 31, 2020.

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

(**Manoj Kumar Bihani**)
Partner
Membership No. 234629
UDIN No.20234629AAAABA3736

Place: Hyderabad
Date: 27.06.2020

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, 2020.

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, 2020, 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 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 with reference to financial statements 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 with reference to financial statements. 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 statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements:

A Group's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2020, 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: 27.06.2020

Consolidated Balance Sheet

(₹ in Lakhs)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	26853.85	25832.26
(b) Capital work-in-progress		43050.57	5522.59
(c) Intangible assets	3	53.01	57.32
(d) Financial assets			
(i) Loans	4(A)	727.91	656.65
(ii) Other financial assets	5(A)	2268.79	376.87
(e) Deferred tax asset (net)	6(A)	205.79	705.46
(f) Other non-current assets	7(A)	1189.48	5319.69
Total non-current assets		**74349.40**	**38470.84**
II Current assets			
(a) Inventories	8	9127.32	9995.10
(b) Financial assets			
(i) Trade receivables	9	3379.02	6836.82
(ii) Cash and cash equivalents	10	1108.25	784.49
(iii) Bank balances other than (ii) above	11	2099.10	2897.29
(iv) Loans	4(B)	157.89	235.70
(v) Other financial assets	5(B)	182.19	68.29
(c) Current tax assets	12	17.80	7.90
(d) Other current assets	7(B)	1558.86	1014.67
Total current assets		**17630.43**	**21840.26**
TOTAL ASSETS		**91979.83**	**60311.10**
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	13	620.08	620.08
(b) Other equity	14	33249.69	26425.83
Total equity		**33869.77**	**27045.91**
Liabilities			
II Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15(A)	22365.76	15165.05
(ii) Other financial liabilities	16(A)	615.27	-
(b) Other non-current liabilities	19(A)	18711.05	-
(c) Provisions	17(A)	580.25	417.92
(d) Deferred tax liabilities (net)	6(B)	255.33	568.45
Total non-current liabilities		**42527.66**	**16151.42**
III Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15(B)	4995.47	5618.11
(ii) Trade payables	20		
a) total outstanding dues of micro enterprises and small enterprises		15.38	18.43
b) total outstanding dues of creditors other than micro enterprises and small enterprises		3347.29	3869.10
(iii) Other financial liabilities	16(B)	1585.53	3072.60
(b) Other current liabilities	19(B)	3868.25	3309.94
(c) Provisions	17(B)	896.23	609.08
(d) Current tax liabilities (net)	18	874.25	616.51
Total current liabilities		**15582.40**	**17113.77**
TOTAL EQUITY AND LIABILITIES		**91979.83**	**60311.10**
Notes forming part of the financial statements	1 - 45		

In terms of our report attached

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

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 27th June, 2020

For and on behalf of Board of Directors

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

Prakash Chand Jain
Director
(D.No: 00084490)

M Viswanatha Reddy
Chief Financial Officer

Meka Yugandhar
Director
(D.No: 00012265)

Apurva Jain
Executive Director
(D.No: 06933924)

Mahesh Inani
Company Secretary

Consolidated Statement of Profit and Loss

(₹ in Lakhs)

		Note	Year ended March 31, 2020	Year ended March 31, 2019
	Income			
I	Revenue from operations	21	39391.03	46221.99
II	Other income	22	549.20	907.86
III	**Total income**		**39940.23**	**47129.85**
IV	**Expenses**			
	a) Cost of raw material consumed	23	11407.16	12853.91
	b) Purchase of stock-in-trade		265.75	226.07
	c) Changes in stock of finished goods, work-in-progress and stock-in-trade	24	329.28	1472.20
	d) Employee benefits expense	25	4344.69	4223.94
	e) Depreciation and amortization expense	26	2321.32	2553.62
	f) Finance costs	27	2207.84	2537.88
	g) Other expenses	28	9984.86	13138.36
	Total expenses		**30860.90**	**37005.98**
V	**Profit before tax (III-IV)**		**9079.33**	**10123.87**
VI	**Tax expense:**			
	a) Current tax	29	3063.73	2544.47
	Less: MAT credit entitlement		-	(716.55)
	b) Deferred tax		(1057.31)	228.12
	Total tax expense		**2006.42**	**2056.04**
VII	**Profit after tax (V-VI)**		**7072.91**	**8067.83**
VIII	**Other comprehensive income/(loss)**			
	(i) Items that will not be reclassified to profit or loss		(44.51)	72.79
	(ii) Income tax relating to items that will not be reclassified to profit or loss		19.73	(14.43)
	Total other comprehensive income/(loss)		**(24.78)**	**58.36**
IX	**Total comprehensive income for the year: (VII+VIII)**			
	(i) Shareholders of the company		7048.13	8126.19
	(ii) Non controlling interests		-	-
			7048.13	**8126.19**
X	Earnings per share - Basic and Diluted (in ₹)		22.81	26.02
	Nominal Value of share (in ₹)		2.00	2.00
	Notes forming part of the financial statements	1 - 45		

In terms of our report attached

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

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 27th June, 2020

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(D.No: 00004775)

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Prakash Chand Jain
Director
(D.No: 00084490)

Apurva Jain
Executive Director
(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

Mahesh Inani
Company Secretary

Consolidated Statement of Changes in Equity

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
A) EQUITY SHARE CAPITAL		
Equity shares		
Balance at the beginning of the year	620.08	620.08
Changes during the year	-	-
Balance at the end of the year	**620.08**	**620.08**

B) Other Equity

(₹ in Lakhs)

Particulars	Other Comprehensive Income	General Reserve	Retained earnings	Securities Premium	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)
Transfer from retained earnings					-
Dividend			(186.02)		(186.02)
Tax on dividend			(38.25)		(38.25)
Closing balance as on 31.03.2020	**119.59**	**980.36**	**32075.78**	**73.96**	**33249.69**

(₹ in Lakhs)

Particulars	Other Comprehensive Income	General Reserve	Retained earnings	Securities Premium	Debenture Redemption Reserve	Total Other Equity
Opening balance as on 01.04.2018	**86.01**	**980.36**	**17250.82**	**73.96**	**132.75**	**18523.90**
Profit for the year			8067.83			8067.83
Movement in OCI (Net) during the year	58.36					58.36
Transfer from debenture redemption reserve			132.75			132.75
Transfer to retained earnings					(132.75)	(132.75)
Dividend			(186.02)			(186.02)
Tax on dividend			(38.24)			(38.24)
Closing balance as on 31.03.2019	**144.37**	**980.36**	**25227.14**	**73.96**	**-**	**26425.83**

In terms of our report attached

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

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 27th June, 2020

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Apurva Jain
Executive Director
(D.No: 06933924)

Mahesh Inani
Company Secretary

Consolidated Statement of Cash Flow

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
(A) Cash flows from operating activities		
Profit before taxes	**9079.33**	**10123.87**
Adjustments:		
Depreciation and amortization expense	2321.32	2553.62
Loss/(profit) on sale of property, plant & equipment	15.86	32.52
Amortization of land lease expenses	-	35.96
Gain on modification of lease	(29.17)	-
Unrealized foreign exchange (gain) / loss, net	(100.16)	(191.68)
Allowance for credit losses	26.07	(2.86)
Provision for warranties	278.27	295.93
Finance costs	2207.84	2537.88
Interest income	(77.57)	(69.34)
Operating profit before working capital changes	**13721.79**	**15315.90**
Changes in working capital and other provisions:		
Trade receivables	3611.42	13.51
Inventories	867.77	151.30
Loans and advances and other assets	1589.99	(5592.56)
Other liabilities and provisions	19673.78	3189.09
Cash generated from operations	**39464.75**	**13077.24**
Income taxes paid, net	(1552.70)	(2242.29)
Net cash from/(used in) operating activities	**37912.05**	**10834.95**
(B)Cash flows from investing activities		
Purchase of property, plant and equipment, Intangible assets and changes in CWIP	(39223.98)	(6767.51)
Proceeds from sale of property, plant and equipment	100.28	20.98
Interest income	77.57	69.34
Net cash from /(used in) investing activities	**(39046.13)**	**(6677.19)**
(C) Cash flows from financing activities		
Bank borrowings	2877.86	(657.72)
Other borrowings	(340.63)	(963.06)
Principal payments of Lease Liabilities	(163.09)	-
Interest expense (including lease liabilities)	(2207.84)	(2537.88)
Dividend paid	(224.26)	(224.26)
Net cash generated in financing activities	**(57.96)**	**(4382.92)**
Net increase/ (decrease) in cash and cash equivalents	**(1192.04)**	**(225.16)**
Add: cash and cash equivalents at the beginning of the year	244.52	160.08
Effect of exchange gain on cash and cash equivalents	479.05	309.60
Cash and cash equivalents at the end of the year (refer note. 10.1)	**(468.47)**	**244.52**

In terms of our report attached

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

Manoj Kumar Bihani
Partner
Membership No. 234629

Place : Hyderabad
Date : 27th June, 2020

For and on behalf of Board of Directors

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

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Executive Director
(D.No: 06933924)

M Viswanatha Reddy
Chief Financial Officer

Mahesh Inani
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 31.03.2020.

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 Statement of compliance and basis of preparation of financial statements

The Group financial statements have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 (" the Act ") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and as amended. These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

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

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

2.2 Current versus non-current classification

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

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

(ii) Held primarily for the purpose of trading

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

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

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

All other liabilities are classified as non-current.

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

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

2.3 Critical estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reflected in the financial statements and accompanying notes, and related disclosure of contingent assets and liabilities. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are

Notes to Consolidated Financial Statements

not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and could have a materially adverse effect on reported results. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The areas involving critical estimates or judgements are:

(i) Assessment of functional currency

(ii) Estimation of provision for decommissioning and restoration liabilities

(iii) Recognition of stripping activity asset

(iv) Assets and obligations relating to employee benefits

(v) Measurement of Lease liabilities and Right of Use Asset (ROUA)

(Vi) Key assumptions used in discounted cash flow projections

(vii) Recognition of deferred tax assets

(viii) Estimation of uncertainties relating to the global health pandemic from COVID-19

2.4 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, 2020.

2.5 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.

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.

Notes to Consolidated Financial Statements

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.

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 income/ expense in the statement of profit and loss. This amount is reflected in a separate line in the statement of profit and loss as an impairment gain or loss.

Notes to Consolidated Financial Statements

(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) Lessee

The Group has adopted Ind AS 116-Leases effective 1st April, 2019, 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, 2019). Accordingly, previous period information has not been restated. The Group's lease asset classes primarily consist of leases for 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.

Notes to Consolidated Financial Statements

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) 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.

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.

Notes to Consolidated Financial Statements

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 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.

Notes to Consolidated Financial Statements

K Inventories

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

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

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

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 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 2018, 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

Notes to Consolidated Financial Statements

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 at the tax rates that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Group 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 determing 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.

Notes to Consolidated Financial Statements

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 determing 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, 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.

Notes to Consolidated Financial Statements

3. Property, plant and equipment & Intangible assets

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment		
A. Owned Assets	25370.95	25832.26
B. ROU Leased Assets	1482.90	-
Total	**26853.85**	**25832.26**
Owned - Intangible assets	**53.01**	**57.32**

A.Owned Assets

(₹ in Lakhs)

Particulars	Property, plant and equipment								Intangible assets		
	Land	Buildings	Factory & quarry buildings	Plant and machinery	Furniture & fixtures	Office equipment	Vehicles	Total of property, plant and equipment	Trade marks & brand name	Stripping cost activity asset	Total of intangible assets
1. Deemed Cost (Gross Carrying Amount)											
Balance as at 1st April 2018	2148.56	720.08	7243.33	33517.01	866.74	630.51	1031.79	**46158.02**	382.80	196.57	**579.37**
Additions	784.98	8.09	4.72	464.87	34.46	40.66	162.40	**1500.18**	-	10.24	**10.24**
Disposals/ transfer	-	(12.87)	-	(202.37)	(41.15)	(10.23)	(70.55)	**(337.17)**	-	(140.86)	**(140.86)**
Balance as at 31st March 2019	**2933.54**	**715.30**	**7248.05**	**33779.51**	**860.05**	**660.94**	**1123.64**	**47321.03**	**382.80**	**65.95**	**448.75**
Balance as at 1st April 2019	2933.54	715.30	7248.05	33779.51	860.05	660.94	1123.64	47321.03	382.80	65.95	448.75
Additions	115.55	1.27	1019.31	483.32	11.00	43.21	51.20	**1724.86**	-	-	**-**
Disposals/ transfer	(101.59)	-	-	(51.53)	(37.92)	-	(20.58)	**(211.62)**	-	-	**-**
Balance as at 31st March 2020	**2947.50**	**716.57**	**8267.36**	**34211.30**	**833.13**	**704.15**	**1154.26**	**48834.27**	**382.80**	**65.95**	**448.75**
2. Accumulated Depreciation											
Balance as at 1st April 2018	-	398.90	2176.99	15264.38	520.33	455.05	548.20	**19363.85**	382.80	4.31	**387.11**
Depreciation for the year	-	13.88	280.01	1842.81	100.16	75.04	100.24	**2412.14**	-	141.62	**141.62**
Disposals/ transfer	-	(12.87)	-	(178.67)	(26.90)	(8.15)	(60.63)	**(287.22)**	-	(137.30)	**(137.30)**
Balance as at 31st March 2019	**-**	**399.91**	**2457.00**	**16928.52**	**593.59**	**521.94**	**587.81**	**21488.77**	**382.80**	**8.63**	**391.43**
Balance as at 1st April 2019	-	399.91	2457.00	16928.52	593.59	521.94	587.81	21488.77	382.80	8.63	391.43
Additions	-	13.13	245.32	1584.39	47.75	53.19	103.57	**2047.35**	-	4.31	**4.31**
Disposals/ transfer	-	-	-	(28.67)	(26.90)	-	(17.23)	**(72.80)**	-	-	**-**
Balance as at 31st March 2020	**-**	**413.04**	**2702.32**	**18484.24**	**614.44**	**575.13**	**674.15**	**23463.32**	**382.80**	**12.94**	**395.74**
3. Carrying Amount (Net)											
At 31st March 2019	2933.54	315.39	4791.05	16850.99	266.46	139.00	535.83	**25832.26**	-	57.32	**57.32**
At 31st March 2020	**2947.50**	**303.53**	**5565.04**	**15727.06**	**218.69**	**129.02**	**480.11**	**25370.95**	**-**	**53.01**	**53.01**

Notes to Consolidated Financial Statements

3. Property, plant and equipment & Intangible assets (Contd..)

3.1) Capital work-in-progress ₹43050.57 lakhs (previous year ₹ 5522.59 lakhs) includes project development & pre-operative expenses refer note. 34

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 ₹ 92.10 lakhs) admeasuring 41.94 acres (previous year 42.92 acres) for which title/conveyance deeds are pending for execution in favour of company.

3.6) Depreciation capitalised during the year ₹ 5.79 lakhs (previous year ₹ 0.14 lakhs)

B.ROU Leased Assets *

(₹ in Lakhs)

Particulars	Leasehold Land	Building	Total
1. Deemed cost (Gross carrying amount)			
Balance as at 1st April 2019	-	-	-
Additions	-	-	-
Addition on account of transitions to Ind AS 116 -1st Apirl, 2019	766.59	1410.74	2177.33
Disposals/ transfer	-	(472.81)	(472.81)
Balance as at 31st March 2020	**766.59**	**937.93**	**1704.52**
2. Accumulated Depreciation			
Balance as at 1st April 2019	-	-	-
Depreciation/ amortisation for the year	35.86	239.58	275.44
Disposals		(53.82)	(53.82)
Balance as at 31st March 2020	**35.86**	**185.76**	**221.62**
3. Carrying amount (net)			
At 31st March 2019	-	-	-
At 31st March 2020	**730.73**	**752.17**	**1482.90**

*refer note. 44

Notes to Consolidated Financial Statements

4 Loans

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Loan receivables considered good -unsecured		
Security deposit	579.90	506.14
Other loans	148.01	150.51
Total	**727.91**	**656.65**

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Loan receivables considered good -unsecured		
Other loans	157.29	234.99
Loans to employees	0.60	0.71
Total	**157.89**	**235.70**

5 Other financial assets

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Deposits with maturity for more than 12 months		
Margin money given against a bank guarantee/letter of credit	391.06	365.94
Interest accrued on fixed deposits	33.04	10.93
Deferred payment charges	1844.69	-
Total	**2268.79**	**376.87**

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Interest accrued on fixed deposits	71.45	68.29
Deferred payment charges due within one year	110.74	-
Total	**182.19**	**68.29**

6 Deferred tax

A. Deferred tax assets (net)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax asset		
Receivables	13.21	9.23
Unused tax credit	1578.82	2842.00
Provisions	346.78	249.11
	1938.81	**3100.34**

Notes to Consolidated Financial Statements

6 Deferred tax (Contd..)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities		
Property, plant & equipment	1733.02	2394.88
	1733.02	**2394.88**
Total	**205.79**	**705.46**

B. Deferred tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities		
Property, plant & equipment	539.83	722.78
	539.83	**722.78**
Deferred tax asset		
Receivables	38.72	44.80
Provisions	245.78	109.53
	284.50	**154.33**
Total	**255.33**	**568.45**

Deferred tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
At the start of the year	(137.01)	337.00
Unused tax credit	1263.18	(716.55)
Charge/ (Credit) to statement of P&L *	(1076.63)	242.54
At the end of the year	**49.54**	**(137.01)**

* Includes ₹ 0.40 lakhs capitalised

Component of deferred tax liabilities/(asset)

(₹ in Lakhs)

Deferred tax liabilities/(asset) in relation to:	As at March 31, 2019	Charge/ (credit) to profit or loss	As at March 31, 2020
Property, plant and equipment	3117.67	(844.83)	2272.84
Provisions	(358.64)	(233.90)	(592.54)
Receivables	(54.04)	2.10	(51.94)
Unused tax credit	(2842.00)	1263.18	(1578.82)
Total	**(137.01)**	**186.55**	**49.54**

Notes to Consolidated Financial Statements

7 Other assets

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Capital advances	547.78	4515.74
Advance to Suppliers	610.81	-
Prepaid lease payments	-	766.59
Defer lease rentals	30.89	37.36
Total	**1189.48**	**5319.69**

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Indirect taxes receivable	888.83	268.52
Advance to suppliers	404.04	482.81
Prepaid expenses	265.99	263.34
Total	**1558.86**	**1014.67**

8 Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials	1591.37	1843.69
Work-in-progress	249.57	499.52
Finished goods	5293.00	5364.57
Traded goods	31.67	39.43
Consumables, stores & spares	1645.51	2034.74
Others	168.65	77.95
Packing material	147.55	135.20
Total	**9127.32**	**9995.10**

Details of materials in transit included in inventories above

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials	-	68.96
Consumables, stores & spares	5.25	177.55
Packing material	0.17	1.40

9 Trade receivables

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Considered good -secured	-	-
Considered good -unsecured	3379.02	6836.82
Which have significant increase in credit risk; and	206.32	180.25
Credit impaired	-	-
Allowance for credit losses	(206.32)	(180.25)
Total	**3379.02**	**6836.82**

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	15.34	3.63
Balances with banks:		
On current accounts	974.36	515.14
On cash credit accounts	118.55	265.72
Margin money given against a bank guarantee/letter of credit-with maturity less than three months	-	-
Total	**1108.25**	**784.49**

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

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	1108.25	784.49
Less: Cash credit [refer note. 15(B)]	(1576.72)	(539.97)
Total	**(468.47)**	**244.52**

11 Other bank balances

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Margin money given against a bank guarantee/letter of credit with maturity for more than 3 months but less than 12 months	2087.69	2887.35
In unpaid dividend account	11.41	9.94
Total	**2099.10**	**2897.29**

12 Current tax assets

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Tax refundable	17.80	7.90
Total	**17.80**	**7.90**

13 Share capital

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorized:		
10,00,00,000 (previous year 10,00,00,000) equity shares of ₹ 2/- each (₹2/-) par value	2000.00	2000.00
Issued, subscribed and fully paid-up:		
3,10,04,000 (previous year 3,10,04,000) equity shares of ₹ 2/- each (₹ 2/-) fully paid-up	620.08	620.08
Total	**620.08**	**620.08**

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 shareholders.

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	No. of shares	No. of shares	% holding
Equity shares of ₹ 2 /- each fully paid				
Gautam Chand Jain	14187045	45.76	14187045	45.76
Reliance capital trustee co Ltd-A/c Nippon India small cap Fund	1637530	5.29	-	-

14 Other equity

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Securities Premium	73.96	73.96
General reserve	980.36	980.36
Debenture redemption reserve		
Opening balance	-	132.75
Transfer to profit & loss A/c	-	(132.75)
	-	-
Net surplus in the statement of Profit and Loss		
Opening balance	25227.14	17250.82
Add: Profit for the year	7072.91	8067.83
Add: Transferred from debenture redemption reserve	-	132.75
	32300.05	**25451.40**
Less: Dividend paid	186.02	186.02
Tax on dividend	38.25	38.24
	32075.78	**25227.14**
Other comprehensive income		
Opening balance	144.37	86.01
Movement in OCI (net) during the year	(24.78)	58.36
	119.59	**144.37**
Total	**33249.69**	**26425.83**

Notes to Consolidated Financial Statements

15 Borrowings

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured loans - From banks (refer note. 15.1 & 15.3)		
Term loans in Indian rupees	3821.46	3134.25
Term loans in Foreign currency	8332.38	2554.33
Secured loans - From others (refer note. 15.1)		
Term loans in Indian rupees	8.85	18.11
Unsecured loans		
Loans & advances from related parties		
Loans from directors	3714.98	3619.76
Inter Corporate Deposits	6488.09	5838.60
Total	**22365.76**	**15165.05**

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured loans - From banks		
Working capital loans - repayable on demand (refer note. 15.1 & 15.3)		
Cash Credit Facilities in Indian rupees	1576.72	539.97
Packing credit loans in Indian rupees	854.90	1485.24
Packing credit loans in Foreign currency	2345.09	1949.19
Bill discounting facilities in Indian rupees	-	1253.41
Bill discounting facilities in Foreign currency	218.76	390.30
Total	**4995.47**	**5618.11**

Nature of security and terms of repayment for secured borrowings:

15.1 Foreign currency term loans of ₹1553.39 lakhs and working capital facilities of ₹2397.96 lakhs from Union Bank of India are secured by hypothecation of first charge on all immovable and movable properties including machineries, current assets such as inventories, book debts and other receivables of the parent company, both present and future and personal properties of some of the directors and guarantees of the Directors (other than independent directors).

Cash credit facility in Indian rupees carries interest @ 11.45% to 12.75%, Packing credit loans in Indian rupees carries interest @ 8.9% to 9.45%, Packing credit loans in foreign currency carries interest @ 2.77% to 4.41%, Bill discounting facilities in Indian rupees carries interest @ 8.85% to 9.75% and Bill discounting facilities in Foreign currency carries interest @ 2.11% .

Other term loans of ₹181.52 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	2020-21	2021-22	2022-23	2023-24	2024-25
Foreign currency term loans					
Rate of interest Libor plus 425 bps- 4.96%	274.91	366.55	366.55	366.55	178.83

Notes to Consolidated Financial Statements

15 Borrowings (Contd..)

15.3 Indian rupee term loans, Foreign currency loans & working capital facilities of ₹2105.69 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).

Further 51% of the shares held by Pokarna Limited in the company are also pledged against the borrowing from the banks. Indian rupee term loan and Foreign currency loans of ₹ 9711.47 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 till the achievement of date of commercial operations.

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

(₹ in Lakhs)

Rate of interest	2020-21	2021-22	2022-23	2023-24	2024-25 & Beyond
1 yr. MCLR plus 2.7% to 3.9% -11.60% to 12.75%	347.69	602.31	331.61	331.61	2486.57
Six months libor plus 425 bps -4.96%	663.52	983.29	639.54	639.54	4791.48

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, 2020	As at March 31, 2019
Lease liability (refer note. 44)	615.27	-
Total	**615.27**	**-**

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of long term borrowings:		
From banks -secured (refer note. 15.1 & 15.3)		
Term loans in Indian rupees	716.63	1860.83
Term loans in Foreign currency	663.52	1074.66
From others -secured (refer note. 15.1)		
Term loans in Indian rupees	9.24	111.77
Lease liability (refer note. 44)	184.22	-
Interest accrued but not due on borrowings	0.18	15.41
Interest accrued and due on borrowings	0.33	-
Unpaid dividend	11.41	9.93
Total	**1585.53**	**3072.60**

Notes to Consolidated Financial Statements

17 Provisions

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
For employee benefits		
Gratuity (refer note. 25(1a))	440.19	305.78
Compensated absence (refer note. 25(1b))	112.31	85.05
Others		
Restoration liability	27.75	27.09
Total	**580.25**	**417.92**

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
For employee benefits		
Gratuity (refer note. 25(1a))	28.56	20.47
Compensated absence (refer note. 25(1b))	6.18	5.39
Others		
Warranties	861.49	583.22
Total	**896.23**	**609.08**

17.1

(₹ in Lakhs)

Particulars	Opening balance	Provision recognized	Provision utilized	Closing balance
Provision for warranty	583.22	294.74	16.47	861.49

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

18 Current tax liabilities (net)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for income tax	1790.15	2536.24
Less: Advance tax	915.90	1919.73
Total	**874.25**	**616.51**

19 Other liabilities

A. Non-current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Creditors for capital expenditure*	18711.05	-
Total	**18711.05**	**-**

*Creditors for capital expenditure of Rs.16428.87 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

B. Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance received from customers	458.40	1084.67
Creditors for capital expenditure	2078.85	1136.20
Statutory liabilities	104.77	117.37
Other liabilities	1226.23	971.70
Total	3868.25	3309.94

20 Trade payables

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) total outstanding dues of micro enterprises and small enterprises	15.38	18.43
b) total outstanding dues of creditors other than micro enterprises and small enterprises	3347.29	3869.10
Total	**3362.67**	**3887.53**

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, 2020	As at March 31, 2019
a)	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid at the year end	12.43	5.36
b)	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at the year end	3.36	1.72
c)	Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	15.39	36.66
d)	Interest paid, under section 16 of MSMED Act, to suppliers registered under the Act, beyond the appointed day during the year	-	-
e)	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	1.23	1.65
f)	Interest accrued and remaining unpaid at the end of accounting year	1.64	1.72
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, 2020	Year ended March 31, 2019
Sale of products	39268.69	46133.58
Sale of services	122.34	88.41
Total	**39391.03**	**46221.99**

Notes to Consolidated Financial Statements

22 Other income

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on		
Bank deposits	34.87	42.73
Others	42.70	26.61
Scrap sales	34.46	22.79
Insurance claim	0.59	0.47
Commission Income	3.23	9.05
Sundry credit balances written back	-	35.23
Profit on sale of property, plant & equipment	1.21	2.57
Exchange gain	400.55	713.06
Gain on modification of lease	29.17	-
Allowance for credit losses written back	-	2.86
Hire charges received	2.00	7.00
Miscellaneous Income	0.42	4.57
Provision no longer required written back	-	40.92
Total	**549.20**	**907.86**

23 Cost of raw material consumed

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening stock	1863.69	1178.02
Add: Purchases	11155.74	13539.58
	13019.43	**14717.60**
Less: Closing stock	1612.27	1863.69
Total	**11407.16**	**12853.91**

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of the year		
Finished goods	5364.57	6591.67
Work-in-progress	499.52	733.55
Stock-in-trade	39.43	50.50
	5903.52	**7375.72**
Inventories at the end of the year		
Finished goods	5293.00	5364.57
Work-in-progress	249.57	499.52
Stock-in-trade	31.67	39.43
	5574.24	**5903.52**
Total	**329.28**	**1472.20**

Notes to Consolidated Financial Statements

25 Employee benefits expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages, bonus & allowances	3746.49	3632.03
Contribution to provident fund and other funds	207.63	216.61
Retirement benefits	164.78	132.45
Staff welfare expense	225.79	242.85
Total	**4344.69**	**4223.94**

25.1 Employee benefits:

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Defined contribution plan		
Employer's contribution to provident fund	183.88	179.02

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, 2020	Year ended March 31, 2019
Change in defined benefit obligations:		
Obligation at the beginning of the year	521.53	498.43
Current service costs	73.50	71.03
Interest costs	38.71	36.37
Remeasurement (gain)/losses	34.58	(44.75)
Benefit paid	(44.21)	(39.55)
Obligation at the end of the year	**624.11**	**521.53**

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Change in plan assets:		
Fair value of plan assets at the beginning of the year	195.28	211.63
Interest income	15.73	14.89
Remeasurement gain/(losses)	(15.63)	(0.01)
Employers' contributions	4.18	8.32
Benefits paid	(44.21)	(39.55)
Fair value of plan assets at the end of the year	**155.35**	**195.28**

Notes to Consolidated Financial Statements

25 Employee benefits expense (Contd..)

Amounts recognised in the balance sheet consists of:

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Fair value of plan assets at beginning/end of the year	(155.35)	(195.28)
Present value of obligation at the beginning/end of the year	624.11	521.53
	468.76	**326.25**
Recognised as:		
Retirement benefit liability - Current	28.56	20.47
Retirement benefit liability - Non-current	440.19	305.78

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefits expenses:		
Current service costs	70.70	71.03
Interest costs	22.97	21.48
Past service cost -(vested benefits)	24.35	-
	118.02	**92.51**
Other comprehensive income:		
(Gain)/loss on plan assets	15.63	0.01
Actuarial (gain)/loss arising from changes in demographic Assumption	-	-
Actuarial (gain)/loss arising from changes in financial assumption	55.22	1.04
Actuarial (gain)/loss arising from changes in experience adjustments	(19.94)	(45.79)
	50.91	**(44.74)**
Expenses recognised in the statement of profit and loss	**168.93**	**47.77**

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

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate (per annum)	6.69%	7.60%
Rate of escalation in salary (per annum)	8.00%	8.00%

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

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

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

As at 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

Notes to Consolidated Financial Statements

25 Employee benefits expense (Contd..)

As at March 31, 2019

(₹ in Lakhs)

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

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, 2020	Year ended March 31, 2019
Change in defined benefit obligations:		
Obligation at the beginning of the year	90.44	92.33
Current service costs	37.14	33.44
Interest costs	6.65	6.50
Remeasurement (gain)/losses	(7.25)	(28.04)
Benefit paid	(8.49)	(13.79)
Obligation at the end of the year	**118.49**	**90.44**

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Change in plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Remeasurement gain/(losses)	-	-
Employers' contributions	8.48	13.79
Benefits paid	(8.48)	(13.79)
Fair value of plan assets at the end of the year	**-**	**-**

Amounts recognised in the balance sheet consists of:

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fair value of plan assets at beginning/end of the year	-	-
Short term compensated absence liability	-	-
Present value of obligation at the beginning/end of the year	118.49	90.44
	118.49	**90.44**
Recognised as:		
Retirement benefit liability - Current	6.18	5.39
Retirement benefit liability - Non-current	112.31	85.05

Notes to Consolidated Financial Statements

25 Employee benefits expense (Contd..)

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefits expenses:		
Current service costs	35.26	33.44
Interest costs	6.65	6.50
Past Service cost	4.85	-
	46.76	**39.94**
Other comprehensive income:		
(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	11.90	0.07
Actuarial (gain)/loss arising from changes in experience adjustments	(17.64)	(28.11)
	(6.40)	**(28.04)**
Expenses recognised in the statement of profit and loss	**40.36**	**11.90**

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

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate (per annum)	6.69%	7.60%
Rate of escalation in salary (per annum)	8.00%	8.00%

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

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

As at 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

As at March 31, 2019

(₹ in Lakhs)

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

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 correlate.

Notes to Consolidated Financial Statements

26 Depreciation & Amortization expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on Property, plant & equipment (owned assets)	2041.57	2412.00
Depreciation on Property, plant & equipment (leased assets) (refer note.44)	275.44	-
Amortization on intangible assets	4.31	141.62
Total	**2321.32**	**2553.62**

27 Finance costs

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on borrowings:		
- Banks	755.78	1212.07
- Others	1242.31	1212.76
Interest expense on lease liability(refer note.44)	155.53	-
Interest on taxes / duties	54.22	54.64
Interest on debentures	-	58.41
Total	**2207.84**	**2537.88**

28 Other expenses

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of stores & spares	2652.01	3259.72
Packing material	478.60	570.68
Processing & job work exp.	256.10	407.39
Power and fuel	1525.89	2236.74
Repairs and maintenance:		
- Plant and machinery	99.37	184.68
- Building	2.43	59.14
- Others	49.37	53.24
Cutter and driller charges	251.83	454.71
Rent (refer note.44)	15.90	347.04
Rates and taxes	57.81	60.50
Deferred lease expense written off	11.68	12.63
Insurance	188.07	193.33
Communication charges	47.73	53.03
Printing & stationery	35.80	43.70
Travelling & conveyance expenses	192.23	238.64
Electricity charges	50.89	52.25
Vehicle maintenance	132.62	163.11
Auditors remuneration	21.73	19.78
Advertisement	21.64	63.92
Professional & consultancy	431.30	179.42
Commission to non-executive directors	26.18	12.00
Directors sitting fees	18.00	7.80
Donations	5.46	22.48
CSR activity expenses	15.00	24.48
Fees & subscriptions	23.67	26.01
Government royalty and dead rent	424.66	1078.95
Carriage outwards	1649.57	1682.50

Notes to Consolidated Financial Statements

28 Other expenses

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sales commission	7.36	27.85
Discounts and claims	53.80	280.45
Business promotion expenses	600.32	591.47
Sundry debit balances written off	-	6.20
Amortization of land lease expenses	-	35.96
Allowance for credit losses	26.07	-
Provision for warranties	294.74	295.93
Sales tax	1.10	5.67
Exchange Loss (Net)	139.95	178.03
Bank charges	110.87	125.64
Impairment / loss on sale of PPE	17.07	35.09
Miscellaneous expenses	48.04	48.20
Total	**9984.86**	**13138.36**

28.1 - Auditors remuneration

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Statutory audit	20.00	15.00
Certification	1.25	4.28
Out of pocket expenses	0.48	0.50

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 ₹170.16 lakhs (March 31, 2019 is ₹326.06 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 ₹ 15 lakhs (March 31, 2019 ₹24.48 lakhs) to facilitate education and environmental sustainability.

29 Income taxes

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax	3053.33	2536.24
Less: MAT credit entitlement	-	(716.55)
Deferred tax	(1057.31)	228.12
Tax in respect of earlier years	10.40	8.23
Deferred tax on comprehensive income	(19.73)	14.42
Total	**1986.69**	**2070.46**

Notes to Consolidated Financial Statements

29 Income taxes (Contd..)

B) Reconciliation of income tax expense

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Profit /(loss) before tax*	9869.54	10123.87
Other comprehensive Income*	(49.24)	72.78
Effective tax rate	29.120%	29.120%
Computed effective tax expense	2859.67	2969.27
Tax effect of:		
Expenses disallowed	615.03	964.59
Allowable items from IT act	350.19	826.05
Deductions under IT act	71.18	1288.12
Current tax provision (A)	**3053.33**	**1819.69**
Continued operations		
Incremental deferred tax liability on account of PPE and intangible assets	(844.83)	234.51
Incremental deferred tax asset on account of financial assets and other items	232.21	(8.04)
Deferred tax provision (B)	**(1077.04)**	**242.55**
Tax expense recognised in the statement of profit and loss (A+B)	**1976.29**	**2062.24**
Effective tax rate	**20.12%**	**20.22%**

*Excluding loss of ₹ 772.12 Lakhs of parent company and eliminations

Note: The deferred tax assets and liabilities at the close of the year has been measured at 25.168% for parent & subsidiary company (previous year 29.12% & 34.94% respectively) based on tax rates that have been enacted by end of reporting period.

Note: Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ("Ordinance") issued by Ministry of Law and Justice (Legislative Department) on September 20, 2019 effective from April 01, 2019, 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 Ordinance and decided to continue with existing tax structure until utilisation of accumulated Minimum Alternate Tax (MAT) credit. 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 Company 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 Company 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, 2020	Year ended March 31, 2019
(i) Face value of equity share (in ₹)	2.00	2.00
(ii) Weighted average number of equity shares outstanding	31004000	31004000
(iii)Profit for the year (total operations)	7072.91	8067.83
(iv)Weighted average earnings per share (basic and diluted) (in ₹)	22.81	26.02

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

Notes to Consolidated Financial Statements

31 Related party disclosures : (Contd..)

b) Names of Key management personnel

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

c) Names of relatives

Ashok Chand Jain, Raaj Kumar Jain, Vidya Jain, Rekha Jain, Anju Jain, Ritu Jain, Pratik Jain, Neha Jain, Nidhi Jain, Gautam Chand Jain (HUF), Prakash Chand Jain (HUF), Ashok Chand Jain (HUF), Karvy Data Management Services, Karvy Computershare Pvt Ltd.

d) Name of executive & non-executive director

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

A. Compensation of Key management personnel of the Group

The amount mentioned below represents remuneration paid and debited to the Group. The compensation includes salary, employer's contribution to PF, LTA, bonus, medical benefits, gratuity & leave encashment. All amounts mentioned below are inclusive of service tax and GST. 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, 2020	Year ended March 31, 2019
Short-term employee benefits	714.98	679.49
Post-employment pension, provident fund and medical benefits	0.90	1.13
Termination benefits*	-	-
Total compensation paid to Key management personnel	**715.88**	**680.62**

*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 - 2019-20 (2018-19)

(₹ in Lakhs)

Nature of the transaction	Key Management personnel	Executive/ Non-executive directors	Associates / other related parties	Relatives	Total
Purchases					
Goods and services, net	**-**	**-**	**13.83**	**-**	**13.83**
	-	-	(16.70)	-	(16.70)
Sales					
Goods and services, net	**-**	**-**	**1.96**	**-**	**1.96**
	-	-	(0.04)	-	(0.04)
Job work	**-**	**-**	**4.10**	**-**	**4.10**
	-	-	(0.88)	-	(0.88)
Expenses					
Remuneration	**715.88**	**19.97**	**-**	**-**	**735.85**
	(680.62)	-	-	-	(680.62)
Commission & Sitting fee-	**-**	**44.20**	**-**	**-**	**44.20**
	-	(19.80)	-	-	(19.80)
Rent	**5.84**	**8.47**	**32.58**	**92.24**	**139.13**
	(5.84)	(14.31)	(32.58)	(92.24)	(144.97)
Interest	**393.14**	**57.93**	**755.84**	**-**	**1206.91**
	(388.79)	(81.12)	(714.59)	-	(1184.50)
Dividend					
Dividend	**88.12**	**2.64**	**-**	**14.66**	**105.42**
	(88.12)	(2.64)	-	(14.66)	(105.42)
Loans & advances					
Loans received	**260.00**	**-**	**-**	**-**	**260.00**
	(5.00)	-	-	-	(5.00)
Carrying amount					
Payables	**3632.86**	**554.30**	**6543.93**	**56.37**	**10787.46**
	(3534.31)	(463.75)	(5855.15)	(29.41)	(9882.62)
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.No	Particulars	Relationship	Year ended March 31, 2020	Year ended March 31, 2019
1	**Purchases**			
	Goods & Services, net			
	Pokarna Fabrics Pvt Limited	Associate	9.37	10.96
	Southend	Associate	0.38	0.02
	Southend Extension	Associate	0.02	-
	Karvy Computershare Pvt Ltd	Related party	-	2.08
	Karvy Data Mgt services Ltd	Related party	4.00	3.33
	Pokarna Marketing Pvt Ltd	Associate	0.06	0.31
2	**Sales**			
	Goods & Services, net			
	Pokarna Fashions Pvt Limited	Associate	-	0.04
	Pokarna Marketing Pvt Ltd	Associate	1.79	-
	Southend Extension	Associate	0.17	-
	Job Work			
	Southend Extension	Associate	1.60	-
	Southend	Associate	0.47	0.88
	Pokarna Fashions Pvt Limited	Associate	0.17	-
	Pokarna Marketing Pvt Ltd	Associate	1.07	-
	Pokarna Fabrics Pvt Limited	Associate	0.79	-
3	**Expenses**			
	Remuneration			
	Gautam Chand Jain	Key management personnel	523.87	481.20
	Rahul Jain	Key management personnel	120.23	120.23
	Apurva Jain	Executive director	19.97	12.23
	Viswanatha Reddy	Key management personnel	64.12	60.36
	Mahesh Inani	Key management personnel	7.66	6.60
	Commission & Sitting fee			
	Prakash Chand Jain	Non-executive director	9.24	3.60
	Mahender Chand Chordia	Non-executive director	9.24	4.20
	Meka Yugandhar	Non-executive director	9.24	4.20
	T.V.Chowdary	Non-executive director	8.24	3.90
	Vinayak Rao Juvvadi	Non-executive director	8.24	3.90
	Rent			
	Pokarna Fabrics Pvt Limited	Associate	32.58	32.58
	Gautam Chand Jain	Key management personnel	5.84	5.84
	Prakash Chand Jain	Non-executive director	8.47	14.31
	Gautam Chand Jain (HUF)	Relative	14.18	14.18
	Prakash Chand Jain (HUF)	Relative	14.74	14.74
	Vidya Jain	Relative	8.47	8.47
	Ritu Jain	Relative	13.92	13.92
	Pratik Jain	Relative	7.18	7.18
	Rekha Jain	Relative	16.57	16.57
	Ashok Chand Jain (HUF)	Relative	11.34	11.34
	Anju Jain	Relative	5.84	5.84
	Interest			
	Pokarna Fabrics Pvt Limited	Associate	614.72	573.74
	Pokarna Marketing Pvt Limited	Associate	141.12	140.85
	Gautam Chand Jain	Key management personnel	243.84	245.33
	Rahul Jain	Key management personnel	149.30	143.46
	Prakash Chand Jain	Non-executive director	57.93	81.12
	Dividend			
	Gautam Chand Jain	Key management personnel	85.12	85.12

Notes to Consolidated Financial Statements

31 Related party disclosures : (Contd..)

(₹ in Lakhs)

S.No	Particulars	Relationship	Year ended March 31, 2020	Year ended March 31, 2019
4	**Loans & Advances**			
	Loans received			
	Gautam Chand Jain	Key management personnel	260.00	-
	Rahul Jain	Key management personnel	-	5.00
5	**Carrying amount**			
	Payables			
	Pokarna Fabrics Pvt Limited	Associate	5330.49	4739.54
	Pokarna Marketing Pvt Limited	Associate	1211.30	1115.35
	Southend Extension	Associate	-	-
	Gautam Chand Jain	Key management personnel	2337.22	2327.10
	Rahul Jain	Key management personnel	1286.26	1202.27
	Viswanatha Reddy	Key management personnel	7.98	3.54
	Mahesh Inani	Key management personnel	1.40	0.51
	Apurva Jain	Executive director	2.38	0.89
	Prakash Chand Jain	Non-executive director	519.21	453.61
	Nidhi Jain	Relative	5.86	5.86
	Neha Jain	Relative	16.44	16.44
	Vidya Jain	Relative	11.63	3.88
	Pratik Jain	Relative	9.70	3.23
	Ritu Jain	Relative	12.74	-
	Mahender Chand Chordia	Non-executive director	8.29	2.58
	Meka Yugandhar	Non-executive director	8.29	2.58
	T.V.Chowdary	Non-executive director	8.29	2.40
	Vinayak Rao Juvvadi	Non-executive director	7.84	2.58
	Karvy Data Management Services Ltd	Related party	2.14	0.26
	Rent deposit receivable			
	Pokarna Fabrics Pvt Limited	Associate	23.20	23.20
	Prakash Chand Jain	Non-executive director	8.33	8.33
	Gautam Chand Jain (HUF)	Relative	16.44	16.44
	Prakash Chand Jain (HUF)	Relative	17.10	17.10
	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

32 Contingent liabilities and commitments

32.1 Contingent liabilities :

(₹ in Lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
a.	Letter of credits outstanding	320.42	17793.33
b.	Bank guarantee	12.53	12.53
c.	Claims against the Group / disputed liabilities not acknowledged as debts:		
i)	Income tax matters, pending decisions on various appeals made by the Group and by the department. Amount deposited ₹ nil lakhs (previous year ₹nil lakhs)	159.58	140.86
ii)	Excise matters (including service tax). Amount deposited ₹ 5.57 lakhs (previous year ₹ 5.57 lakhs)	396.34	396.39
iii)	Customs matters, Amount deposited ₹ nil lakhs (previous year ₹nil lakhs)	75.91	75.91
iv)	Sales tax matters, amount deposited ₹ 34.95 lakhs (previous year ₹ 10.55 lakhs)	266.05	79.26

Notes to Consolidated Financial Statements

32 Contingent liabilities and commitments (Contd..)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
v) Mines & Geology matters, amount deposited ₹ 8.17 lakhs (previous year ₹ 8.17 lakhs)	1106.81	231.94
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) Fuel surcharge adjustment (FSA) claim to the extent billed by power distribution companies of TG	-	5.29
ix) As per the amendment in The Payment of Bonus Act, 1965 notified on1 January 2016, which was effective retrospectively from 1st April, 2014, the Group on the legal advice decided not to consider in view of the interim order dated 26th April, 2016 of Hon'ble Andhra Pradesh High Court allowing stay on the amendment with retrospective effect till the time its constitutional validity is established.	72.03	72.03
x) Other matters disputed	204.21	149.61
xi) The Group has evaluated the impact of Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circulars issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a retrospective impact , amount remains uncertain and accordingly no provision has been made in the Financial Statements.		

32.2 Capital commitments

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account not provided for	2933.62	22958.82

32.3 Other Commitments:

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

ii) Obligations towards environmental protection measures in respect of quarry leases ₹164.83 lakhs (previous year ₹ 87.85 lakhs)

iii) The undertaking of the subsidiary company situated at Atchutapuram, Visakhapatnam being a SEZ has executed a legal undertaking for obligations regarding proper utilization and accountable of goods, including capital goods, stores & spares, raw materials, components and consumables including fuels, imported or procured duty free and regarding achievement of positive net foreign exchange earning. As on 31st March, 2020, the Company has a positive Net Foreign Exchange Earning, as defined in the SEZ Act,2005.

iv) The undertaking of the subsidiary company situated at Mekaguda Gram panchayat and Dooskal village, Ranga Reddy Dist. is registered as a 100% export oriented unit ("EOU"), and is exempted from customs and central excise duties, GST and levies on imported & indigenous capital goods and stores & spares. The company has executed a bond cum legal undertaking to pay customs duty, central excise duty, GST, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores & spares, consumed duty free, in the event that certain terms and conditions are not fulfilled. As on 31st March, 2020, company has not started its operations and expects a positive net foreign exchange earning, as defined in the foreign trade policy 2009-2014 and 2015-2020 wherever applicable.

v) The Group is also involved in other lawsuits, claims, investigations and proceedings, including trade mark and commercial matters, which arise in the ordinary course of business. However, there are no material claims on such cases.

Notes to Consolidated Financial Statements

32 Contingent liabilities and commitments (Contd..)

32.4 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, 2020
Not later than One year	11.82
Later than one year and not later than five years	-

33 Segment Reporting

Disclosure of segment reporting for the year 2019-20 (2018-19):

(a) Information about Primary Business Segments:

(₹ in Lakhs)

Description	Granite	Apparel	Quartz Surfaces	Total
Sales to external customers	**7113.66**	**600.60**	**31676.77**	**39391.03**
	(13900.55)	(726.02)	(31595.42)	(46221.99)
Inter segment sales	**13.58**	**1.97**	**-**	**15.55**
	(1.19)	(3.45)	-	(4.64)
Total revenue	**7127.24**	**602.57**	**31676.77**	**39406.58**
	(13901.74)	(729.47)	(31595.42)	(46226.63)
Segment results				
Profit / (loss)	**167.18**	**(397.68)**	**11517.67**	**11287.17**
	(2350.85)	(-767.73)	(11078.63)	(12661.75)
Interest expenses				**2207.84**
				(2537.88)
Income tax				**2006.42**
				(2056.04)
Profit after tax				**7072.91**
				(8067.83)
Other segment information:				
Capital expenditure	**35.72**	**30.39**	**39200.83**	**39266.94**
	(130.67)	(169.91)	(6467.09)	(6767.67)
Depreciation	**850.62**	**371.91**	**1098.79**	**2321.32**
	(977.52)	(493.24)	(1082.86)	(2553.62)
Particulars of segment assets and liabilities:				
Segment assets	**12586.81**	**2550.15**	**76842.87**	**91979.83**
	(13937.20)	(2363.82)	(44010.08)	(60311.10)
Segment liabilities	**7028.82**	**1071.58**	**50009.66**	**58110.06**
	(8010.96)	(561.08)	(24694.78)	(33266.82)

(b) Information about secondary segments – geographical

Revenue attributable to location of customers is as follows

(₹ in Lakhs)

Geographical Market	Year ended March 31, 2020				Year ended March 31, 2019			
	Granite	Apparel	Quartz Surfaces	Total	Granite	Apparel	Quartz Surfaces	Total
U S A	2462.34	-	28033.58	30495.92	3281.10	-	28239.41	31520.51
China	2283.37	-	-	2283.37	5319.15	-	-	5319.15
India	1476.63	600.60	771.41	2848.64	4086.48	726.02	422.40	5234.90
Rest of the world	891.32	-	2871.78	3763.10	1213.82	-	2933.61	4147.43
Total	**7113.66**	**600.60**	**31676.77**	**39391.03**	**13900.55**	**726.02**	**31595.42**	**46221.99**

The entire activity pertaining to sales outside India is carried out from India.

Notes to Consolidated Financial Statements

33 Segment Reporting (Contd..)

Notes:

(i) The group has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system and which is also the basis on which the Chief Operating Decision Maker (CODM) reviews and assess the Group's performances. The operations predominantly relate to Granite, Apparel and Quart Surfaces segments.

(ii) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on reasonable basis.

(iii) The Group's exposure to customers is diversified and there is only one customer who contributes more than 10% each of the total revenue for the year ended March 31, 2020 and for the year ended March 31, 2019 for Granite segment and there are only two customers who contributes more than 10% each of the total revenue for the year ended March 31, 2020 and March 31, 2019 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, 2020	As at March 31, 2019
Amount brought forward	63.98	50.71
Payments to and Provisions for Employees:		
- Salaries, wages and Allowances	138.10	12.15
- Contribution to Provident Fund and other funds	4.61	0.37
- Workmen and Staff welfare expenses	17.06	0.02
Power & Fuel	40.19	5.76
Hire charges	4.82	-
Security charges	17.42	3.44
Insurance	17.92	18.29
Communication charges	6.06	-
Depreciation	5.79	0.14
Printing & stationary	0.72	0.01
Factory Maintenance	11.13	0.36
Rent	3.23	-
Vehicle Maintenance	11.72	0.07
Professional consultancy charges	3.61	0.71
Repairs & Maintenance charges	0.19	-
Conveyance	10.83	0.02
General Expenses	1.24	-
Exchange loss	1344.79	-
Interest and Finance Charges	641.01	34.74
Bank charges	36.38	15.40
Interest Received	(130.60)	(78.21)
Balance to be carried forward	**2250.20**	**63.98**

Notes to Consolidated Financial Statements

35 Capital management

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

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

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

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Gross debt	28750.62	23830.42
Less: Cash and bank balances	3598.41	4047.72
Adjusted net debt	25152.21	19782.70
Total equity	33869.77	27045.91
Adjusted net debt to equity ratio	0.74	0.73

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 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
Financial assets measured at fair value						
Security Deposit	579.90	-	579.90	-	579.90	-
Deferred payment charges	1955.43	-	1955.43	-	1955.43	-
Financial assets not measured at fair value						
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	-	-	-
Total	**9923.15**	**-**	**9923.15**	**-**	**2535.33**	**-**
Financial liabilities measured at fair value						
Lease liability	799.49	-	799.49	-	799.49	-
Financial liabilities not measured at fair value						
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	-	-	-
Total	**32924.70**	**-**	**32924.70**	**-**	**799.49**	**-**

Notes to Consolidated Financial Statements

36 Financial instruments (Contd..)

31st March 2019

(₹ in Lakhs)

Particulars	Carrying amount			Fair value		
	Other financial assets-amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Security Deposit	506.14	-	506.14	-	506.14	-
Financial assets not measured at fair value						
Other loans	386.21	-	386.21	-	-	-
Accrued interest	79.22	-	79.22	-	-	-
Trade receivables	6836.82	-	6836.82	-	-	-
Cash and cash equivalents	4047.72	-	4047.72	-	-	-
Total	**11856.11**	**-**	**11856.11**	**-**	**506.14**	**-**
Financial liabilities not measured at fair value						
Secured bank loans	14242.18	-	14242.18	-	-	-
Secured other loans	129.88	-	129.88	-	-	-
Loans from related parties	9458.36	-	9458.36	-	-	-
Trade payables	3887.53	-	3887.53	-	-	-
Accrued interest	15.41	-	15.41	-	-	-
Unpaid dividend	9.93	-	9.93	-	-	-
Total	**27743.29**	**-**	**27743.29**	**-**	**-**	**-**

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 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.

Notes to Consolidated Financial Statements

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

• **Credit risk**

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

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

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, 2020	As at March 31, 2019
Not due	2142.61	5332.23
Upto 1 year	1050.85	1215.99
1 to 2 years	95.50	253.73
2 to 3 years	134.53	101.47
More than 3 years	161.85	113.66
Total	**3585.34**	**7017.08**

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, 2020	As at March 31, 2019
Balance at the beginning of the year	180.26	183.12
Charge in statement of profit and loss	26.06	-
Release to statement of profit and loss	-	(2.86)
Utilised during the year	-	-
Balance at the end of the year	**206.32**	**180.26**

iii) **Cash and cash equivalents:** The Group held cash and cash equivalents of ₹1108.25 lakhs as at 31 March 2020 (previous year ₹784.49 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 disasters.

Notes to Consolidated 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 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

31st March 2019

(₹ in Lakhs)

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

• Market risk

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

(₹ in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
Currency	USD	EURO	USD	EURO
Borrowings	11621.80	-	6739.59	-
Trade receivables	2776.66	30.97	6157.79	59.51
Trade and other payables (including payable for capital goods)	123.68	20111.50	91.92	911.54
Interest accrued but not due	-	-	15.07	-
Cash & Bank balances (Including deposits)	346.31	264.15	511.85	54.55
Total	14868.45	20406.62	13516.22	1025.60

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 ₹ 2849.59 lakhs for the year ended March 31, 2020 (previous year ₹ 96.22 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 ₹146.63 lakhs (previous year ₹139.48 lakhs). This analysis assumes that all other variables remain constant.

Notes to Consolidated Financial Statements

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

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.

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 given to lender (Union Bank of India) for the term loan availed by Pokarna Engineered Stone Limited to the extent of ₹25000 lakhs till the date of commercial production.

39 The US Department of Commerce had initiated an investigation on the imports of quartz surface products from India in response to a complaint of dumping & subsidy file by U.S. domestic manufacturers. The US Department of Commerce has determined a Countervailing Duty (CVD) and an Anti-dumping Duty (AD) on the Company's export of quartz surface products to the US market. The CVD and AD determined for Pokarna Engineered Stone Limited are:

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

This CVD and AD will be revised based on the first review by the US Department of Commerce expected around June 2021.

There is no impact on the financials of the company.

Notes to Consolidated Financial Statements

40 Estimation of uncertainties relating to the global health pandemic from COVID-19 :

The outbreak of COVID-19 pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In view of the lock down across the country due to COVID-19 pandemic, operations in many of our locations (manufacturing, processing, quarries, retail stores, offices, etc.) were scaled down or shut down in compliance with the directives/ orders issued by the local Panchayat / Municipal Corporation / State / Central Government authorities.

The Group has made initial assessment of its cash flow for the next one year and of the carrying values of its assets as at the balance sheet date and has concluded that there are no adjustments required in the financial statements. Management believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of financial results as on 31st March 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from the estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

41 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 27th June 2020, there are no subsequent events to be recognised or reported that are not already disclosed.

42 The financial statements for the year ended 31st March 2020 have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 27th June 2020.

43 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 27, 2020, the Board of Directors of the company have proposed a dividend of ₹ 0.60 per share in respect of the year ended 31st March, 2020 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.

44 Transition to IND AS 116

The Group has adopted Ind AS 116 effective 1st April, 2019, 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, 2019). Accordingly, previous period information has not been restated. The Group's leases mainly comprise of Retail stores of Stanza, Office premises, land allotted by APSEZ in Vizag, guesthouses and warehouse. This has resulted in recognising a right-of-use lease asset of ₹1410.74 lakhs and a corresponding lease liability of ₹1410.74 lakhs. In the statement of profit and loss for the current year, operating lease expenses which were recognised as rent expenses in previous years is now recognised as depreciation on leased assets and finance cost for interest expense on lease liability. The lease liabilities were discounted using the incremental borrowing rate of 11.45% by parent company and 11.95% by subsidiary company.

The impact of Ind AS 116 on the Company's financial statements at 31st March 2020 is as follows:

Balance sheet: The adoption of Ind AS 116 has resulted an increase in total assets of ₹ 752.17 Lakhs by right-of-use lease assets and increase in financial liabilities by ₹ 799.49 Lakhs

Statement of profit and loss: The adoption of Ind AS 116 has resulted an increase in depreciation by ₹239.58 Lakhs from the right-of-use lease assets and increase in finance costs by ₹155.53 Lakhs per year due to the interest expense recognized on lease liabilities. This impact was offset due to reduction in operating lease expenses by ₹318.62 Lakhs for the year, resulting in an overall net reduction of profit before taxes of ₹ 76.50 Lakhs.

Statement of Cash flows: The adoption of Ind AS 116 has resulted an increase in operating cash flows by ₹318.62 Lakhs and decrease in financing cash flows by ₹318.62 Lakhs.

Notes to Consolidated Financial Statements

44 Transition to IND AS 116 (Contd..)

As a Lessee

Right of use of Assets

(₹ in Lakhs)

Particulars	As at March 31, 2020
Opening balance as on 01.04.2019	-
Additions on account of adoption of Ind As 116	1410.74
Reclassification from other assets - Prepaid lease expenses	766.59
ROU lease assets as on 01.04.2019	**2177.33**
ROU lease asset adjustments on modification of leases	(472.81)
Depreciation expense on leased assets during the year	(275.44)
Depreciation adjustment on modification of lease	53.82
Carrying value as on 31.03.2020	**1482.90**

Movement in lease liability during the year:

(₹ in Lakhs)

Particulars	As at March 31, 2020
Opening balance as on 01.04.2019	-
Additions on account of adoption of Ind As 116	1410.74
Adjustments on modification of leases	(448.16)
Interest expenses on lease liability	155.53
Principal payments of lease liability	(318.62)
As at 31st March 2020	**799.49**

(₹ in Lakhs)

Particulars	As at March 31, 2020
Current	184.22
Non Current	615.27

Amounts recognised in the statement of cash flows

(₹ in Lakhs)

Particulars	As at March 31, 2020
Payments for leases in financing activity	318.62

(₹ in Lakhs)

Amounts recognised in statement of profit or loss	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation expense on leased assets	275.44	-
Interest expense on lease liability	155.53	-
Rent expense-Short term leases and leases of low value assets	15.90	347.04
Amortization of land lease expenses	-	35.96
Total amount recognised in Profit or loss	**446.87**	**383.00**

Notes to Consolidated Financial Statements

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

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	**Prakash Chand Jain** Director (D.No: 00084490)	**Apurva Jain** Executive Director (D.No: 06933924)
Place : Hyderabad Date : 27th June, 2020	**M Viswanatha Reddy** Chief Financial Officer	**Mahesh Inani** Company Secretary

Notes

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Quantra

Natural quartz surfaces from Pokarna

STANZA®

Sameness Deleted

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