



## NOTE - 25

### 1. Significant Accounting Policies

#### 25.1 BASIS OF PREPARATION

The financial statements for the period ended March 31, 2018 have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

Up to the year ended March 31, 2017 the Company prepared in accordance with the requirements of previous GAAP, which includes Standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rule, 2014. These are the Companies first Ind AS financial statement. The date of transition to Ind AS is April 1, 2016. Refer Note for the details of first-time adoption exemption availed by the Company.

The financial statements are presented in Indian Rupees (Rs.) and all values are rounded off to the nearest Rupees, except whether otherwise indicated.

These financial statements have been prepared on a going concern basis. Refer Note No. 25(2)(s) for information on the Company's adoption of Ind AS.

#### 25.2 FIRST TIME ADOPTION

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing assets or liabilities which are not permitted by Ind AS, by reclassifying assets and liabilities from previous GAAP as required by Ind AS, and applying Ind AS in measurement of recognized assets and liabilities.

However, this principle is subject to certain exemption and certain optional exemption availed by the Company.

#### 25.3 CURRENT VERSUS NON-CURRENT CLASSIFICATION

All assets and liabilities have been classified as current or non-current as per Company's normal operating cycles and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has determined its operating cycle as twelve months for the purpose of current-non-current classification of assets and liabilities.

#### 25.4 PROPERTY PLANT & EQUIPMENT

Property, plant and equipment held for use in the production or supply or administrative purposes, are stated in the balance sheet at cost (net of duty/ tax credit availed ) less accumulated depreciation.

Properties in the course of construction for production, supply or administrative purpose are carried at cost, Cost includes professional fees and for qualifying assets, borrowing Costs capitalized in accordance with the Company's accounting policy. Such properties classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their use

The Company has elected to continue with the carrying value of all of its property, plant and equipment Recognized so as of April 1, 2016 (the transition date) measured as per the previous GAAP and use such Carrying value as its deemed cost as of the transition date.

#### 25.5 DEPRECIATION

Depreciation on fixed assets has been provided on Straight Line Method (SLM) basis on the rates specified in schedule II of the companies Act, 2013, as applicable on the last date of the accounting period. The useful life of assets has been used as per Schedule – II of the companies Act, 2013.

#### 25.6 INVENTORIES

Inventories are valued at the lower of the cost or net realizable value. The cost of the inventories is assigned by using At Cost Method. Raw material, Stores & Spares and Packing Materials have been valued at cost. Process Stock is valued at cost, which is determined by taking direct material, labour cost and certain related Factory Overheads, Finished Goods have been determined on full absorption cost basis which includes all direct cost, depreciation, etc.

#### 25.7 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

#### 25.8 REVENUE RECOGNITION

The Company follows Mercantile System of Accounting and recognizes income and expenditure on accrual basis.

### 25.9 FOREIGN CURRENCY TRANSACTION:

Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transactions.

The outstanding foreign currency assets and liabilities are restated at the year-end rates. The net profit or loss arising on restatement/ settlement is adjusted to the profit & Loss account.

### 25.10 BORROWING COSTS

Borrowing cost that are attributable to the acquisition or constructions of qualifying assets are capitalized as a part of the cost of such assets. A qualifying assets is one that takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

### 25.11 PROPOSED DIVIDEND

The Board of Director of the company has not been recommended any dividend during the years covered our audit.

### 25.12 CONTINGENT LIABILITIES

Contingent liabilities are not provided and are disclosed by way of notes.

### 25.13 RETIREMENT BENEFITS

The Company's contribution in respect of Provident Fund is charged against revenue every year.

In respect of Gratuity, the Company provides the gratuity amount based on the respective employees salary and the tenure of employment with the Company. Liabilities with regard to the Gratuity are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and Losses through re-measurement of the net defined benefit liability/(asset) are recognized in other comprehensive income and profit and loss account.

In respect of Leave encashment Gains and Losses through re-measurement of the net defined benefit liability/(asset) are recognized in other comprehensive income and profit and loss account.

### 25.14 DEFERRED TAXATION

Deferred Tax arising from timing difference between book and tax profit is accounted for under the liability method at the current rate of tax, to the extent that the timing difference are expected to crystallize.

### 25.15 CORPORATE SOCIAL RESPONSIBILITY

As per section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The CSR activities undertaken by the company is to provide healthcare facilities by establishing rural health centre for the residents of all the villages surrounding the factory. A CSR committee has been formed by the company as per the Act. The funds were primarily allocated on providing the health care facilities which are specified in Schedule VII of the Companies Act, 2013. During the year Company has provided Rs. 28,39,000/- for CSR Expenses and expended Rs. 25,15,414/- for the year ended 31.03.2017.

## 2. NOTES TO ACCOUNTS :

### (a) DETAIL OF SECURITIES AGAINST SHORT TERM & LONG TERM BORROWINGS (Refer Note 12 and 14)

#### (A) Working Capital From Bank of Baroda Secured by way of the following : -

- (i) Charge on the entire Current Assets of the Company.
- (ii) Charge on the of Movable Fixed Assets of the Company, both present and future.
- (iii) Charge on the Company's immovable properties including land admeasuring 10.84 acres and building situated at Kamandoddi Village, Hosur Taluk, Distt. Shoolagiri, Tamil Nadu.
- (iv) Charge on the Company's immovable properties situated at Village: Nallaganakothapalli Taluk: Hosur, Distt: Krishnagiri, Tamil Nadu.
- (v) Pledge of FDR worth Rs.2.50 Crores equivalent to 10% of FBP limit in lieu of waiver of buyer wise ECGC cover; and
- (vi) Joint and Several personal guarantees of (1) Mr. Sunil K.Arora and (2)Mrs. Sujata Arora.

#### (B) EXTERNAL COMMERCIAL BORROWINGS from Bank of Baroda DIFC Dubai is Secured by way of the following:-

- (i) Charge over all entire fixed assets of the Company (present and future) including land and building at Nallaganakothapalli village in Hosur Taluk, Krishnagiri District.
- (ii) Charge on all current assets of the Company.
- (iii) Charge over DSRA to be maintained for one quarter interest and one installment of the facility.



- (iv) Pledge of FDR i.e. Rs. 2.50 Crores maintained by Company with Bank of Baroda, International Business Branch, 1st Floor, BOB Building, 16 Sansad Marg, New Delhi 110001.
- (v) Charge on the property in the name of company including land admeasuring 10.84 acres and building situated at Kamanadoddi Village, Hosur Taluk, District Shoalagiri, Tamil Nadu.

- (b) i. Bills of Exchange discounted **Rs.680.13** Lacs (P.Y.Rs.1,045.53 Lacs)
- ii. Guarantee & counter Guarantee Outstanding Rs. **9.61** Lacs (P.Y.Rs. 9.61 Lacs )
- iii. Letter of Credit **Rs. 348.06 Lacs** (PY. Rs.484.98 Lacs )

(c) In compliance with **Accounting Standard – 22 relating to “Accounting for taxes on Income”** issued by the Institute of Chartered Accountants of India, the company has adjusted the deferred tax liability (net) arising out of timing difference for the period up to 31<sup>st</sup> Mar 2018 with the Balance of Deferred Tax Liability (Net) accruing during the year aggregating to Rs. 42.75 Lacs has been recognized in the Profit and Loss Account.

(d) Major components of Deferred Tax Assets and Liabilities arising on account of timing difference are:

	Assets (Rs. In Lacs)	Liabilities (Rs. In Lacs)
Depreciation	–	778.62 (821.55)
Provision for Gratuity& EL	68.95 (66.05)	– –

(e) Related Party Disclosure : As per Accounting Standard 18, the disclosures of transactions with the related parties are given below::

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

Sl. No.	Name of the Related Party	Relationship
1.	Mr. Sunil K Arora	Key Managerial Personnel
2	Mr. K. Raghavendra	Key Managerial Personnel
3	Mrs. Sujata Arora	Key Managerial Personnel
4	Mr. K.L. Arora	Key Managerial Personnel
5.	Shivani Arora	Relative of Key Managerial Personal
6.	Sahil Arora	Whole Time Director
7.	Aro Granite International Inc	Relative of Key Managerial Personal

(ii) Transactions during the year with related parties :

Sl.No.	Nature of Transactions	Relative of Key Managerial Personnel	
		2017-18	2016-17
1.	Revenue from Operation	<b>1,085.79</b>	1,530.92
2.	Payment to Key Managerial Personnel/Relative	<b>207.79</b>	232.01

Disclosure in Respect of Major Related Party Transactions during the year :

Particulars	Relationship	Rs. In Lacs	
		2017-18	2016-17
1. Revenue from Operations			
Aro Granite International Inc	Relative of Key Managerial Personal	<b>207.79</b>	1530.92
2. Payment to Key Managerial Personnel / Relative			
Mr. Sunil K Arora	Key Managerial Personnel	<b>164.88</b>	170.80
Mr. K. Raghavendra	Key Managerial Personnel	<b>15.84</b>	15.21
Mr. Sahil Arora	Key Managerial Personnel	<b>18.45</b>	17.00
Mrs. Sujata Arora	Relative of Key Managerial Personnel	–	10.63
Mr. K.L. Arora	Relative of Key Managerial Personnel	–	7.37
Mrs. Shivani Arora	Relative of Key Managerial Personnel	<b>8.62</b>	11.00

(f) Basic Earning Per Share (EPS) as per AS –20

	2017-18	2016-17
EPS Basic	0.79	8.25
EPS Diluted	0.79	8.25

(g) The Company is into the business of Granite Tiles and Slabs on which company have same degree of risk and return. Their production process is also similar. Further the company's revenue from domestic market is negligible. Thus the Company does not have more than one reportable segment in line with the **Accounting Standard 17 on "Segmental Reporting"** issued by the Institute of Chartered Accountants of India.

(h) There are no Small Scale Undertakings to which Company owes, for more than thirty days and exceeding Rupees One Lac.

(i) **Director's Remuneration :**

	2017-18 (Rs. In Lacs)	2016-17 (Rs. In Lacs)
I. Salary	Rs. 130.96	Rs. 117.01
II. Rent Free Accom. /HRA	Rs. 60.13	Rs. 54.00
III. Commission	Rs. –	Rs. 33.00

(j) **Director's Traveling**

	2017-18 (Rs. In Lacs)	2016-17 (Rs. In Lacs)
I. Local	Rs. 4.03	Rs. 4.95
II. Foreign	Rs. 84.06	Rs. 75.31

(k) **Additional Information Related to Quantitative Details:**

I. Licensed & Installed Capacity and Actual Production :

Class of goods	Unit	Licensed Capacity (Per annum)		Installed Capacity (Per annum)		Production	
		2018	2017	2018	2017	2018	2017
SLAB PLANT Granite Slabs	Sq.Mt	7,35,000	5,85,000	5,85,000	5,85,000	4,50,643	5,23,059
TILE PLANT Granite Tiles	Sq.Mt	3,60,000	3,60,000	3,60,000	3,60,000	1,43,961	1,64,221

(The Installed Capacity has been certified by a Director of the Company on which the Auditors have placed reliance without verification).

II. Particulars in respect of Sales :

Class of Goods	Quantity In Sq.M.		(Rs. In Lacs)	
	Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2018	Year Ended 31.03.2017
Slab Plant	4,24,552	4,61,959	16,812.29	20,257.69
Tile Plant	1,44,225	1,58,116	3,259.86	3,607.50

(l) **Details of Finished Goods**

Class of Goods	Quantity (In Sq. M)		(Rs. In Lacs)	
	Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2018	Year Ended 31.03.2017
I. Details of Opening Stock :				
- Slab Plant	2,66,657	2,05,557	5,220.26	4,299.66
- Tile Plant	1,12,494	1,06,389	1,411.39	1,307.41
II. Details of Closing Stocks :				
- Slab Plant	2,92,748	2,66,657	6,077.95	5,220.26
- Tile Plant	1,12,230	1,12,494	1,385.28	1,411.39



(m) Details of Raw materials consumed during the year :

<b>SLAB PLANT</b>				
Rough Blocks	Cub. Mtr.	Cub. Mtr	(Rs. In Lacs)	
Indigenous	12,573.948	16,483.994	6,979.92	8,378.96
Imported	2,116.677	2,401.784	2,146.99	2,342.47
Stores, Spares, Consumables &Packing			2,796.38	3,277.23
Imported			1,361.30	1,532.98
Indigenous			1,435.08	1,744.25
<b>TILE PLANT</b>				
Rough Blocks	Cub. Mtr.	Cub. Mtr	(Rs. In Lacs)	
Indigenous	3,019.935	3,717.636	982.68	1,173.41
Imported	183.673	186.104	147.88	148.96
Stores, Spares, Consumables &Packing			679.45	675.95
Imported			80.62	84.34
Indigenous			598.83	591.61

(n) Earning in Foreign Exchange :

	Year Ended 31.03.2018 (Rs. In Lacs)	Year ended 31.03.2017 (Rs. In Lacs)
Export of Goods (FOB)	19,198.42	22,753.95

(o) Expenditure in Foreign Currency :

	Year ended 31.03.2018 (Rs. In Lacs)		Year ended 31.03.2017 (Rs. In Lacs)	
Value of Imports ( CIF)				
Capital Goods	433.85	13.85%	112.21	3.59 %
Raw Materials	1,030.85	32.91%	1,073.27	34.34 %
Consumables	1,302.12	41.57%	1,475.06	46.04 %
Stores & Spares	270.25	8.63%	361.12	11.55 %
Overseas Business Travelling	70.48	2.25%	102.03	3.26 %
Other Expenses	24.95	0.79%	38.16	1.22 %

(p) Auditors Remuneration:

	Year ended 31.03.2018 (Excluding GST) (Rs. In Lacs)	Year ended 31.03.2017 Including Service Tax (Rs. In Lacs)
Audit Fee	5.20	5.40
Tax Audit Fee	1.60	1.61
Other Management Services	0.70	0.74
	7.50	7.75

(q) Previous years figures have been regrouped wherever necessary to confirm to this years classification, in terms of our report of even date.

(r) Figures shown in bracket are related to Previous year in the Financial statement and are in INR (In Lacs)

for **VAPS & COMPANY**  
FIRM REG NO. 003612N  
CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

**P.K. JAIN**  
PARTNER  
M No. - 082515  
Place: Hosur  
Date: 21.04.2018

**[SUNIL K. ARORA]**  
MANAGING DIRECTOR  
DIN NO. - 00150668

**[SUJATA ARORA]**  
DIRECTOR  
DIN NO. 00112866

**[S PANIGRAHI]**  
COMPANY SECRETARY  
FCS NO. 4522

**[S SUNDARARAJAN]**  
CFO  
CMA No. - 37236