



*"I saw*

*the angel in the marble and carved*

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*until I set him free"*

*—Michelangelo*

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## BOARD OF DIRECTORS

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

Mr. Prakash Chand Jain, *Director*

Mr. M.Yugandhar, *Director*

Mr. T.V. Chowdary, *Director*

Mr. Vinayak Rao Juvvadi, *Director*

Mr. Mahender Chand Chordia, *Director*

Mr. Dhanjibhai Sawla, *Director*

Mr. Rahul Jain, *Executive Director*

Mr. Siddharth Jain, *Executive Director*

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## COMPANY SECRETARY

Mr. Paras Kumar Jain

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## AUDITORS

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

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## BANKERS

Union Bank of India, R.P. Road Branch, Secunderabad-500 003

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## REGISTERED & CORPORATE OFFICE

First Floor, Surya Towers,

105, Sardar Patel Road, Secunderabad-500 003, Andhra Pradesh, India.

Tel: 91-40-27842182, 27844101, 27897722

Fax: 91-40-27842121

Email: [contact@pokarna.com](mailto:contact@pokarna.com)

Website: [www.pokarna.com](http://www.pokarna.com)

[www.stanzaworld.com](http://www.stanzaworld.com)

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## FACTORIES

Survey No.123, Toopranpet (Village),

Choutuppal (Mandal), Nalgonda (District), Andhra Pradesh.

Survey No. 563, 568 & 574,

Aliabad Village, Shameerpur (Mandal), R.R. District, Andhra Pradesh.

Survey No. 33, 39, 50, 51, 55, 68 & 69, Apparels Export Park,

Gundla Pochampally Village, Medchal Mandal, R. R. District, Andhra Pradesh.

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## 15th ANNUAL GENERAL MEETING

Date: 29th September, 2006 • Time: 10:30 a.m.

Place: First Floor, Surya Towers, 105, Sardar Patel Road, Secunderabad-500 003

## DIRECTORS' REPORT TO THE SHAREHOLDERS

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The directors present their 15th Annual Report and the audited statements of accounts for the year ended 31 March, 2006.

### FINANCIAL RESULTS

The Financial Highlights are summarized below:

Particulars	Amount in Rupees	
	2005-2006	2004-2005
Total Income	1,52,70,55,233	1,35,55,31,279
Less: Expenditure	1,39,76,50,629	1,19,60,25,771
Profit/(Loss) before Tax	12,94,04,604	15,95,05,508
Prior Period Expenses	-2,00,721	-65,65,914
Provision for Taxation	2,21,69,339	1,26,66,071
Net Balance of Profit	10,70,34,544	14,02,73,523
Balance of Profit brought forward	55,42,43,193	45,32,16,288
<b>Appropriation</b>		
Proposed Dividend	2,17,02,800	2,17,02,800
Corporate Dividend Tax	30,43,818	30,43,818
Transfer to General Reserve	1,07,50,000	1,45,00,000
Balance carried to Balance Sheet	62,57,81,119	55,42,43,193

### DIVIDEND

The directors recommend for consideration of the shareholders at the ensuing annual general meeting, payment of a dividend of Rs. 3.50 per share (35 per cent) for the year ended 31 March 2006. The amount of dividend and the tax thereon aggregates to Rs. 247.46 Lakhs.

Dividend paid for the year ended 31 March 2005 was Rs. 3.50 per share (35 per cent). The amount of dividend and the tax thereon aggregated to Rs. 247.46 Lakhs.

### NEW PROJECT

Keeping in mind the increasing demand for the engineered stone in the world market, the Company is setting up green field project for manufacturing of engineered stone. This would be the first ever initiative under taken by any Indian Company in this sector. For this green field project, the Board has sanctioned a total capital outlay of INR 1500 Million. This project would be completed within a period of 15-18 month and would be one of the best manufacturing complexes around the world. For this project, Company has entered into a Contract with 'BRETON S.p.A.', Italy. 'BRETON' is world leader for its plants and technology for manufacturing the 'Engineered Stone', with an absolutely exclusive know-how. Under this Contract, 'BRETON' among other things, would supply patented plant & technology to the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, the Directors confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- That they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- That they had prepared the annual accounts on a going concern basis.

## AUDIT COMMITTEE

In consonance with the requirement of Clause 49 of the Listing Agreement entered into with various Stock Exchanges and Section 292A of the Companies Act, 1956, your Company has constituted Audit Committee. The Composition of the Committee is given else where in the Report.

## CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with stock exchanges, a separate section titled 'Corporate Governance', and the report on 'Management Discussion and Analysis' forms part of the annual report. A certificate from Auditors of the Company regarding compliance of the conditions of 'Corporate Governance' as stipulated under Clause 49 of the Listing Agreement is given in the annual report.

All board members and senior management personnel have affirmed compliance with the code of conduct for the year 2005-06. A declaration to this effect signed by the Chairman & Managing Director (CEO) of the company is annexed to this report.

The CEO and Chief Financial Officer (CFO) have certified to the board with regard to the financial statements and other matters as required in clause 49 of the listing agreement.

## AUDITORS

M/s. S. Daga & Co., Chartered Accountants, retire as auditors of the Company and have given their consent for re-appointment. The members are requested to appoint auditors for the period from the conclusion of the ensuing annual general meeting till the conclusion of the next annual general meeting and authorize Board to fix their remuneration.

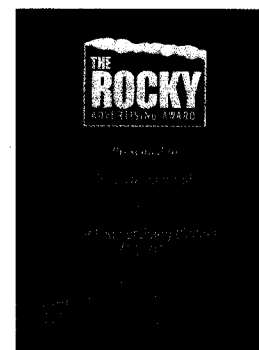
As required under the provisions of section 224 of the Companies Act, 1956, the Company has obtained a written certificate from the above auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

## DIRECTORATE

Shri Prakash Chand Jain, Shri. Vinayak Rao Juvvadi retire by rotation and, being eligible, offer themselves for re-appointment.

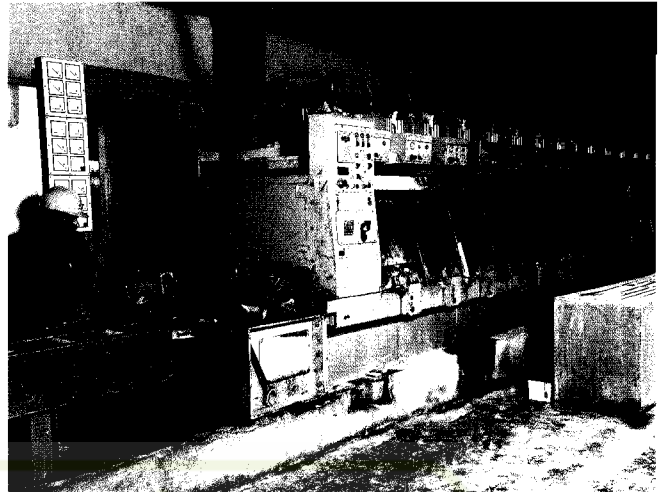
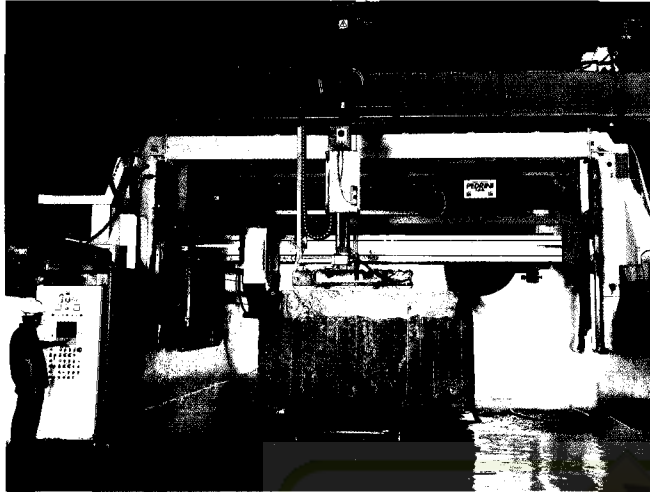
## AWARDS AND ACCOLADES

Your Company was conferred first prize for being the '**Fastest and Largest Growing Company**' in Granite Sector' by Construction World (a Largest Circulated Construction Business Magazine).





*Our state-of-the-art granite processing complex near Hyderabad*





Your Company was conferred **ROCKY** award by the Marble Institute of America Advertising Award Competition, in Print Advertising Category.

Your Company was conferred '**Special Export Award**' by CAPEXIL for Export achievement in Granite Sector.

Your Company's premium clothing brand **STANZA** was conferred the "**Best Brand**" award by Bharati Vidyapeeth Institute of Management studies in recently held 2nd FMCG Consumers Award and "**Brand Excellence Award**" by Indira group of Institutes.

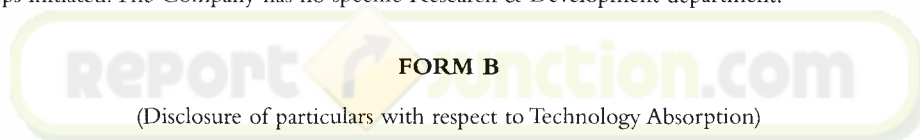
## PERSONNEL

The particulars of employees as required to be disclosed in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) are annexed to the Directors Report. However as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholders interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Disclosure under "Form A" pursuant to Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is not applicable to the Company.

Company's quarrying operations, granite processing plants and apparel manufacturing plant are designed to achieve high efficiency in the utilisation of energy. The key areas with regards to reduction of energy have been identified by us and necessary steps initiated. The Company has no specific Research & Development department.



### Research and development (R & D)

1. Specific areas in which R & D carried out by the company – Not applicable having regard to the nature of the industry.
2. Benefits derived as a result of the above R&D – Not applicable having regard to the nature of the industry.
3. Future plan of action – Not applicable having regard to the nature of the industry.
4. Expenditure on R & D:
  - (a) Capital – Nil
  - (b) Recurring – Nil
  - (c) Total – Nil
  - (d) Total R & D expenditure as a percentage of total turnover – Nil

The Company maintains a high level of information flow with various companies. Through visits of Executives to developed countries, the Company keeps abreast with the advanced Technology Developments and through specific programmes introduces, adopts and absorbs these sophisticated technologies. This has resulted in higher production, accuracy and perfection in excavation of rough granite blocks, processing of random granite slabs and tiles, and, manufacturing of apparel.

Your Company is at present exporting to the USA, Belgium, Ireland, Austria, Spain, Europe, Australia, New Zealand, Palestine, Russia, Ukraine, South Africa, Panama, Poland, Hawaii, Germany, Canada, Puerto Rico, Switzerland and China. Your Company is continuously exploring possibilities of exporting to different markets.

During the period under review:

- a. the foreign exchange earnings by the Company was Rs. 11646 Lakhs.
- b. the foreign exchange expenditure (which includes import of raw materials, spares, etc.) was Rs. 3086 Lakhs.

#### **ACKNOWLEDGEMENTS**

Your Directors acknowledge with gratitude the commitment and dedication of the employees at all levels, that has contributed to the growth and success of the Company. The Directors would also like to thank the Central and State Govts. and other stakeholders including bankers, business associates who have continued to provide support and encouragement to the Management. The Directors take this opportunity to record their appreciation for all those who contributed to the success of your Company and look forward to their continued support in the years to come.

For and on behalf of the Board

Place : Secunderabad  
Date : 29th July, 2006

**Gautam Chand Jain**  
Chairman & Managing Director

