

19th annual Report 2009-2010



Pokarna Limited

Registered & Corporate Office: 105, Sardar Patel Road, Secunderabad 500 003, Andhra Pradesh, India. Phone: +91 40 6631 0111/222
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POKARNA LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Pokarna Limited will be held on **Tuesday, the 21st day of September, 2010 at Hotel Fortune Select Manohar, Old Airport Exit Road, Begumpet, Hyderabad at 10.30 am** to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in Place of Shri. Prakash Chand Jain, who retires by rotation and, being eligible, offers himself for reappointment.
- 3) To appoint a Director in Place of Shri. Vinayak Rao Juvvadi, who retires by rotation and, being eligible, offers himself for reappointment.
- 4) To re-appoint Messrs. S. Daga & Co., Chartered Accountants, Hyderabad (ICAI Registration No. 000669S) as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

By order of the Board

Paras Kumar Jain
Company Secretary

7th August, 2010

Registered Office:

First Floor, Surya Towers
105, S P Road
Secunderabad-3.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting and for easy identification of attendance at the Meeting.
3. Members are requested to address all correspondences, including dividend matters, to Karvy Computershare Private Limited, Registrar and Share Transfer Agents, Plot No. 17 to 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad 500 081.
4. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updations of bank account details to their respective Depository Participants.
5. Your Company does not have any unclaimed dividend for any of the previous financial year pending transfer to the Investor Education and Protection Fund account of the Central Government.
6. Members holding shares in the same order of name or in the same order of names but in several folios, please let us know so that we may consolidate them into one folio.

7. Under Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in Physical Form. Shareholders desirous of making nominations are requested to send their requests in Form No. 2 B in duplicate (which will be made available on request) to Karvy Computershare Limited.
8. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the Meeting.
9. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members / Proxies should fill the Attendance slip for attending the Meeting.
10. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
11. The Register of Members and Share Transfer books of the Company will remain closed from 15th September, 2010 to 21st September, 2010 (both days inclusive).
12. Following is bio-graphical data about the Directors seeking re-election as required under clause 49 of the Listing Agreement entered with the Stock Exchanges:

Name of the Director	Shri. Prakash Chand Jain	Shri. Vinayak Rao Juvvadi
Date of Birth	27.07.1959	05.09.1959
Date of Appointment	09.10.1991	29.01.2003
Expertise in specific functional areas	General Management	General Management, Finance and Strategies
Qualifications		Masters in Applied Chemistry Masters in Computer Science from IIT, Chicago MBA from Kellogg's School of Management, Northwestern University, Chicago
Directorship held in other companies as at 31st March, 2010 (excluding foreign companies and private limited companies)	Pokarna Fabrics Ltd. Pokarna Marketing Limited	—
Chairmanship / Membership of Committees (across all public limited Companies)	Member – Remuneration Committee, Pokarna Limited	Member – Audit Committee, Pokarna Limited
No. of shares held in the Company as on 31st March, 2010	5,00,000	Nil



*“The greatest risk of all
is not to take a risk at all.”*

— Anon

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BOARD OF DIRECTORS

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

Shri. Prakash Chand Jain, *Director*

Shri. M Yugandhar, *Director*

Shri. T V Chowdary, *Director*

Shri. Vinayak Rao Juvvadi, *Director*

Shri. Mahender Chand Chordia, *Director*

Shri. Dhanjibhai Sawla, *Director*

Shri. Rahul Jain, *Executive Director*

Shri. Siddharth Jain, *Executive Director*

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COMPANY SECRETARY

Shri. 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, Khairatabad, Hyderabad, Bank of India, Khairatabad, Hyderabad

Indian Overseas Bank, M.G. Road, Secunderabad

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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, 66310111/222, Fax: 91-40-27842121

Email: contact@pokarna.com

Website: www.pokarna.com, 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, Shameerpet (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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19th ANNUAL GENERAL MEETING

Date: 21st September, 2010 • Time: 10:30 a.m.

Place: Hotel Fortune Select Manohar, Old Airport Exit Road, Begumpet, Hyderabad.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present the 19th Annual Report together with the Audited Accounts of Your Company for the financial year ended 31st March, 2010. The summarised consolidated and standalone financial performance of Your Company is as under:

FINANCIAL RESULTS

Particulars	Rupees in Lakhs			
	Standalone		Consolidated	
	2009-2010	2008-2009	2009-2010	2008-2009
Total Income	13561.58	14627.08	14451.11	14628.59
Less-Expenditure	13941.39	14511.86	15822.19	14512.69
Profit/(Loss) Before Tax	(379.81)	115.22	(1371.08)	115.90
Prior Period Items	—	—	—	—
Provision for Taxation	2.35	84.33	0.31	84.54
Net Balance of Profit/(Loss)	(382.16)	30.89	(1371.39)	31.36
Balance of Profit brought forward	4723.77	6181.37	4727.50	6184.64
Appropriation				
Dividend	—	—	—	—
Corporate Dividend Tax	—	—	—	—
Transfer to General Reserve	—	—	—	—
FCCB Redemption Reserve	803.33	1488.49	803.33	1488.49
Balance Carried to Balance Sheet	3538.28	4723.77	2552.78	4727.51

The decrease in granite business was primarily driven by continued weakness in the export markets and more particularly the U.S and Europe market and unfavorable price and product mix as customer's preference shifted to lower priced products. The current downturn in the U.S. and other economies, along with the housing markets in such economies, has negatively impacted the dimension stone industry and Your Company's granite business.

The bottom-line of the apparel division of Your Company continues to be severely affected due to lower capacity utilisation at manufacturing (contract exports) and lower consumer footfalls and higher discounting at the apparel retailing (STANZA brand) part of the business.

SUBSIDIARY & CONSOLIDATED FINANCIAL STATEMENTS

In terms of the Section 212 of the Companies Act, 1956, a copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of Pokarna Engineered Stone Limited have been attached to the Accounts of the Company for the year ended 31st March, 2010 and forms part of this annual report. The Statement as required under Section 212(3) also forms part of this Annual Report.

Consolidated Financial Statements in accordance with Accounting Standard-21 issued by The Institute of Chartered Accountants of India have been provided in the Annual Report. These Consolidated Financial Reports provide financial information about Your Company and its Subsidiary as a single economic entity. The Consolidated Financial Statements form part of this Annual Report.

DIVIDEND

In view of the loss for the financial year 2009-10, the Board of Directors of Your Company has decided not to recommend payment of dividend for the year under review.

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;

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;

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; and

They have 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 Bombay Stock Exchange Ltd., 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 Bombay Stock Exchange Limited, 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.

The Ministry of Corporate Affairs has issued Corporate Governance Guidelines in December, 2009. While these Guidelines are recommendatory in nature, the Company has already adopted most of the Guidelines. The Company will be reviewing its Corporate Governance parameters in the context of the other recommendations under the said Guidelines for appropriate adoption.

All Board Members and Senior Management Personnel have affirmed compliance with the Code of conduct for the year 2009-10. 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.

AUDITOR

M/s. S. Daga & Co., Chartered Accountants, who are the Statutory Auditors of the Company hold office until the ensuing Annual General Meeting. It is proposed to re-appoint them to examine and audit the accounts of the Company for the Financial Year 2010-11. As required under the provisions of Section 224 of the Companies Act, 1956, the Company has obtained a written certificate from M/s. S. Daga & Co., Chartered Accountants to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

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.

DIRECTORATE

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

PARTICULARS OF EMPLOYEES

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.

PROMOTER GROUP

Pursuant to intimation from Jain Family Promoters of Your Company, the names of Jain Family Promoters and Companies comprising the “group” as defined in the Monopolies and Restrictive Trade Practices Act, 1969, have been disclosed in the Annual Report of Your Company for the purpose of Regulation 3(1) (e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997:

1. Gautam Chand Jain & Family
2. Ashok Chand Jain & Family
3. Prakash Chand Jain & Family
4. Dilip Kumar Jain & Family
5. Raaj Kumar Jain & Family
6. Rahul Jain & Family
7. Siddharth Jain
8. Neha Jain
9. Ekta Jain
10. Sneha Jain
11. Pokarna Fabrics Limited *
12. Pokarna Marketing Limited*
13. Pokarna Apparels Limited *
14. Pokarna Fashions Limited *

Family for this purpose includes spouse, dependent children and parents.

* Company owned and controlled by the Jain Family. These companies are not Member(s)/Shareholders' of the Pokarna Limited or its Subsidiary.

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.

FORM B

(Disclosure of particulars with respect to Technology Absorption)

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