21st
ANNUAL REPORT

2011 – 2012

POKARNA LIMITED

"There are no secrets to success. It is the result of preparation, hard work and learning from failure."

–Colin Powell

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Gautam Chand Jain
Chairman & Managing Director

Mr. Rahul Jain
Executive Director

Non-Executive Directors

Mr. Prakash Chand Jain

Mr. Meka Yugandhar

Mr. Thati V. Chowdary

Mr. Vinayak Rao Juvvadi

Mr. Mahender Chand Chordia

Mr. Dhanji Lakhamsi Sawla

COMPANY SECRETARY

Mr. Chinmoy Patnaik

REGISTERED & CORPORATE OFFICE

105, First Floor, Surya Towers, Sardar Patel Road,
Secunderabad-500 003, Andhra Pradesh, India.
Tel: 91-40-27842182, 27844101, 66266777,
66310111/222, Fax: 91-40-27842121.
Email: contact@pokarna.com
Website: www.pokarna.com, www.stanzaworld.com

STATUTORY AUDITORS

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

BANKERS

Union Bank of India, Khairatabad, Hyderabad.

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.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-first Annual General Meeting of the company will be held on **Saturday, the 15th day of September, 2012 at Awasa Hotels, Plot no.15, 24, 25, &26, Survey, No.64, Sector-1, Huda Techno Enclave, Madhapur, Hyderabad – 500 081 at 10:30 AM** to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss of the company 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 Mr. Prakash Chand Jain, who retires by rotation and, being eligible, offers him for reappointment.
3. To appoint a Director in place of Mr.Vinayak Rao Juvvadi, who retires by rotation and, being eligible, offers him for reappointment.
4. To reappoint M/s. S. Daga & Co.,(Registration No. 000669S), Chartered Accountants, Hyderabad as Statutory Auditors of the company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To reappoint Mr. Rahul Jain as a Whole Time Director designated as Executive Director and in this regard consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 269, 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ('the Act'), and, subject to such other approvals including approval from the Central Government, as may be required, approval is hereby accorded to the reappointment Mr. Rahul Jain as the Executive Director of the company for a period of five (5) years effective from 31st July, 2012 on the terms and conditions, including the remuneration, as set forth in the Explanatory Statement annexed to the notice calling this meeting, with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and/ or vary the terms and conditions of the reappointment in such manner as may be agreed to between the Board and Mr. Rahul Jain;

   RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to enforce the resolution.

By order of the Board of Directors

Chinmoy Patnaik
Deputy General Manager – Legal
& Company Secretary

11th August, 2012
Registered Office:
105, First Floor,
Surya Towers, S.P. Road,
Secunderabad - 500 003.

NOTES:

1. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of resolution set out under item no. 5 is appended below.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY TO BE EFFECTIVE SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. 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 mention their Folio Number in the attendance slip for attending the meeting.
4. Corporate members intending to send their authorized representatives are requested to furnish a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
5. 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.
6. Members are requested to notify change, if any, in their address to the Registrar and Share Transfer Agent, namely, M/s Karvy Computershare Private Limited, Registrar and Share Transfer Agents, Plot No. 17 to 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad 500 081. All communications regarding shares are to be addressed to our Registrar and Share Transfer Agent at their address.
7. Members whose shareholding is in the electronic mode are requested to direct change of address notifications to their respective Depositary Participants.
8. According to provisions of sub section (5) of Section 205A of the Companies Act, 1956, dividend which remain unclaimed for a period of Seven (7) years is required to be transferred by the company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Information in respect of such unclaimed dividend and last date for uploading information thereon on the MCA website are given below;

Financial year	Date of declaration	Last date for uploading information on MCA website
2004 - 05	26.09.2005	25.09.2012
2005 - 06	29.09.2006	28.09.2013
2006 - 07	28.09.2007	27.09.2014
2007 - 08	24.09.2008	23.09.2015

   Shareholders, who have not so far encashed the Dividend Warrant(s), are requested to seek issue of duplicate Dividend Warrant(s) by writing to the company's Registrar & Transfer Agent, M/s Karvy Computershare Private Limited immediately. Shareholders are requested to note that no claims lie against the company in respect of any amounts which remain unclaimed and unpaid beyond seven years from the date they first became due for payment and no payment shall be made by the company in respect of any such claims.
9. Consequent upon introduction of 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 to M/s Karvy Computershare Private Limited (Forms shall be made available on request).
10. Any member desirous of obtaining any information on the accounts or operations of the company is requested to forward his / her queries to the company addressed to the Registered Office at 105, First floor, Surya Towers, Sardar Patel Road, Secunderabad - 500 003 for the attention of Mr. Chinmoy Patnaik, Deputy General Manager - Legal & Company Secretary, at least 7 days prior to the date of the meeting.
11. Copies of the Annual Report will not be distributed at the Annual General Meeting.

12. The Register of Members and Share Transfer books of the company will remain closed from 11th to 15th September, 2012 (both days inclusive).

13. The Register of Directors' Shareholdings shall be open for inspection to any member of the company during the period beginning 14 days before the date of Annual General Meeting and ending 3 days after the date of its conclusion. The said register shall also remain open and accessible during the Annual General Meeting to any person having right to attend the meeting.

14. Following is bio–graphical data of the Directors seeking re-appointment.

Name of the Director	Mr. Prakash Chand Jain	Mr. Vinayak Rao Juvvadi	Mr. Rahul Jain
Date of Birth	27th July, 1959	05th September, 1959	09-11-1979
Date of Appointment	09-10-1991	29-01-2003	17-09-01
Expertise in specific functional areas	General Management	General Management, Finance and Strategies	Marketing, Corporate Planning, General Corporate Management and Information Technology.
Qualifications	Bachelor in Commerce	• Masters in Applied Chemistry. • Masters in Computer Science from IIT, Chicago. • MBA from Kellogg's School of Management, Northwestern University, Chicago.	Graduate from University of Michigan, Ann Arbor, USA.
Directorship held in other companies as on 31st March, 2012 (excluding foreign companies and private limited companies)	3	1	2
Chairmanship/ Membership of Committees (across all public limited Companies)	Member of Remuneration Committee of the company.	Member of Audit Committee of the company	Member of Shareholders Committee of the company.
No. of shares held in the Company as on 31st March, 2012	500000	Nil	100000

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

(A) Information about Mr. Rahul Jain :

Bio graphical data

Mr. Rahul Jain is a Graduate from University of Michigan, Ann Arbor, USA. He has experience in Marketing, Corporate Planning, General Corporate Management and Information & Technology. He has been spearheading the apparel business of the company since its inception. With a drive for creating brand, Mr. Rahul Jain was instrumental in the successful launching of apparel retailing venture of the company and in creating the brand STANZA.

Mr. Rahul Jain has over 13 years of experience in the field of industry, business and corporate management.

Awards

Under the leadership of Mr. Rahul Jain, STANZA was conferred the "Best Brand" award by Bharati Vidyapeth Institute of Management studies held at the 2nd FMCG Consumers Award and "Brand Excellence Award" by Indira group of Institutes.

Job profile and his suitability:

Mr. Rahul Jain is predominantly involved in spearheading and establishing the apparel division of the company, namely, STANZA as a brand in the men's readymade garments industry. He is the strategist and leads the marketing and long term development activities of the division. Mr. Rahul Jain as Executive Director is vested with substantial powers of management and is expected to function under the superintendence, control and direction of the Board of Directors and the Chairman & Managing Director of the company.

Mr. Rahul Jain is a member of the Shareholders Committee of the Board. The other Directorships of Mr. Rahul Chand Jain are as follows:

Serial No.	Name of the Company
1	Pokarna Fashions Limited
2	Pokarna Engineered Stone Limited

(B) Mr. Rahul Jain's previous appointment/ reappointment in the company:

(i) Appointment of Mr. Rahul Jain as Executive Director of the company at Annual General Meeting held on 30th September, 2004:

Mr. Rahul Jain was initially appointed as the Executive Director of the company for a period of 5 years with effect from 30th July, 2004. He was paid remuneration as provided hereunder during the period of five (5) years effective from 30th July 2004:

Basic Salary of ₹. 75,000 per month.

He was also entitled to:

- participate in the Provident Fund and Gratuity Fund scheme for the employees of the company.
- facility of use of a Motor Car of the company in connection with Business of the company and all the expenses for the maintenance and running of the Motor Car including salary of the driver will be borne and paid by the company.
- reimbursement on annual basis of actual traveling expenses incurred by Him, His wife and dependent children while proceeding on leave any place in India or any other place outside India and returning to the place of posting.
- reimbursement of the actual traveling, entertainment expenses and approved club membership fees reasonably incurred by Him in connection with the business of the company.
- reimbursement of actual medical and hospital expenses which have been incurred by on himself, his wife and dependant children, provided that such expenses shall not exceed ₹. 3 Lacs for each year or ₹. 9 Lacs for a Block of Three years.
- perquisite in the form of reimbursement or allowance on actual basis of the charges incurred at his residence.

(ii) Remuneration revised at Annual General Meeting held on 29th September, 2006:

Mr. Rahul Jain's remuneration stood revised at the Annual General Meeting held on 29th September, 2006 as follows:

Basic Salary up to a maximum of ₹.1,50,000 per month, with annual increments effective 1st April every year, as may be decided by the Board, based on merit and taking into account the company's performance; benefits, perquisites and allowances as determined by the Board from time to time; and incentive remuneration and/or commission based on certain performance criteria to be prescribed by the Board.

Mr. Rahul Jain was paid the following remuneration during the period of three years as mentioned herein below:

Financial Year	Remuneration (₹. In Lacs)
2006-2007	18.09
2007-2008	13.57
2008-2009	12.06

(iii) Mr. Rahul Jain reappointment as Executive Director of the company at the Annual General Meeting held on 23rd September, 2009.

Mr. Rahul Jain was reappointed as the Executive Director of the company for another term of three (3) years effective from 30th July, 2009 with the following remuneration as approved at the Eighteenth Annual General Meeting of the company held on 23rd September, 2009.

Remuneration: Basic Salary upto a maximum of ₹. 1,50,000 per month, with annual increments effective 1st April every year, as may be decided by the Board, based on merit and taking into account the company's performance; benefits, perquisites and allowances as determined by the Board from time to time; and incentive remuneration and/or commission based on performance criteria to be prescribed by the Board from time to time.

Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Rahul Jain, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances and incentive remuneration, as specified above. The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under Sections 198, 309 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act as amended and as in force from time to time.

However, owing to no profits or inadequate profits of the company during the relevant years, Mr. Rahul Jain was paid remuneration as follows in the preceding three financial years pursuant to Sections 198, 309 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act:

Financial Year	**Remuneration (₹. In Lacs)**
2009-2010	12.09
2010-2011	12.09
2011-2012	12.09

(C) Remuneration

The consent of the shareholders is presently sought to the payment of remuneration (No increase sought from earlier shareholders approval) as set out herein below,

Remuneration:

Basic Salary upto a maximum of ₹. 1,50,000 per month, with annual increments effective 1st April every year, as may be decided by the Board, based on merit and taking into account the company's performance; benefits, perquisites and allowances as determined by the Board from time to time; and incentive remuneration and/or commission based on performance criteria to be prescribed by the Board from time to time.

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of Mr. Rahul Jain, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances and incentive remuneration as specified above. The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under Sections 198, 309 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act as amended and as in force from time to time.

(D) Other Information

Mr. Rahul Jain belongs to the promoter group and holds 1,00,000 Equity Shares of the company representing 1.61 % of the total capital of the company. Jain Family Promoters together hold 56.67 % of the total capital of the Company. Mr Gautam Chand Jain, Chairman & Managing Director of the company is the father of Mr. Rahul Jain.

Mr. Rahul Jain tenure as Executive Director of the company expired on 30th of July, 2012. Subject to the shareholders' and other approvals, Mr. Rahul Jain has been reappointed as the Executive Director of the company effective from 31st July, 2012 for another period of Five (5) years by the Board of Directors of the company pursuant to the recommendation of the Remuneration Committee of the Board. His reappointed is proposed in this Notice convening the Annual General Meeting.

Mr. Rahul Jain and Mr. Gautam Chand Jain are concerned or interested in this resolution and the payment of remuneration.

The Notice together with the Explanatory Statement may be treated as an abstract of the Memorandum of Interest under Section 302 of the Companies Act, 1956.

Your Directors recommend the passing of the resolution proposed at Item No. 5 in the Notice.

By order of the Board of Directors

Chinmoy Patnaik
Deputy General Manager – Legal
& Company Secretary

11th August, 2012
Registered Office:
105, First Floor,
Surya Towers, S P Road,
Secunderabad - 500 003.