

25th Annual Report 2015-16



POKARNA LIMITED





BROWN LEAF - QUANTRA QUARTZ SURFACE

Contents

Corporate Overview

- 04 Milestones
- 06 We are Pokarna
- 08 Chairman's Message
- 09 Board of Directors
- 10 Business Overview
- 18 Business Highlights
- 20 Marketing Initiatives
- 22 Projects
- 23 Corporate Social Responsibility
- 25 Quartz Surfaces Applications
- 26 Corporate Information

Management Reports


- 28 Management Discussion and Analysis
- 42 AGM Invite
- 44 Notice
- 51 Directors' Report
- 77 Corporate Governance Report

Financial Statements

- 92 Standalone Financial Statements
- 122 Consolidated Financial Statements

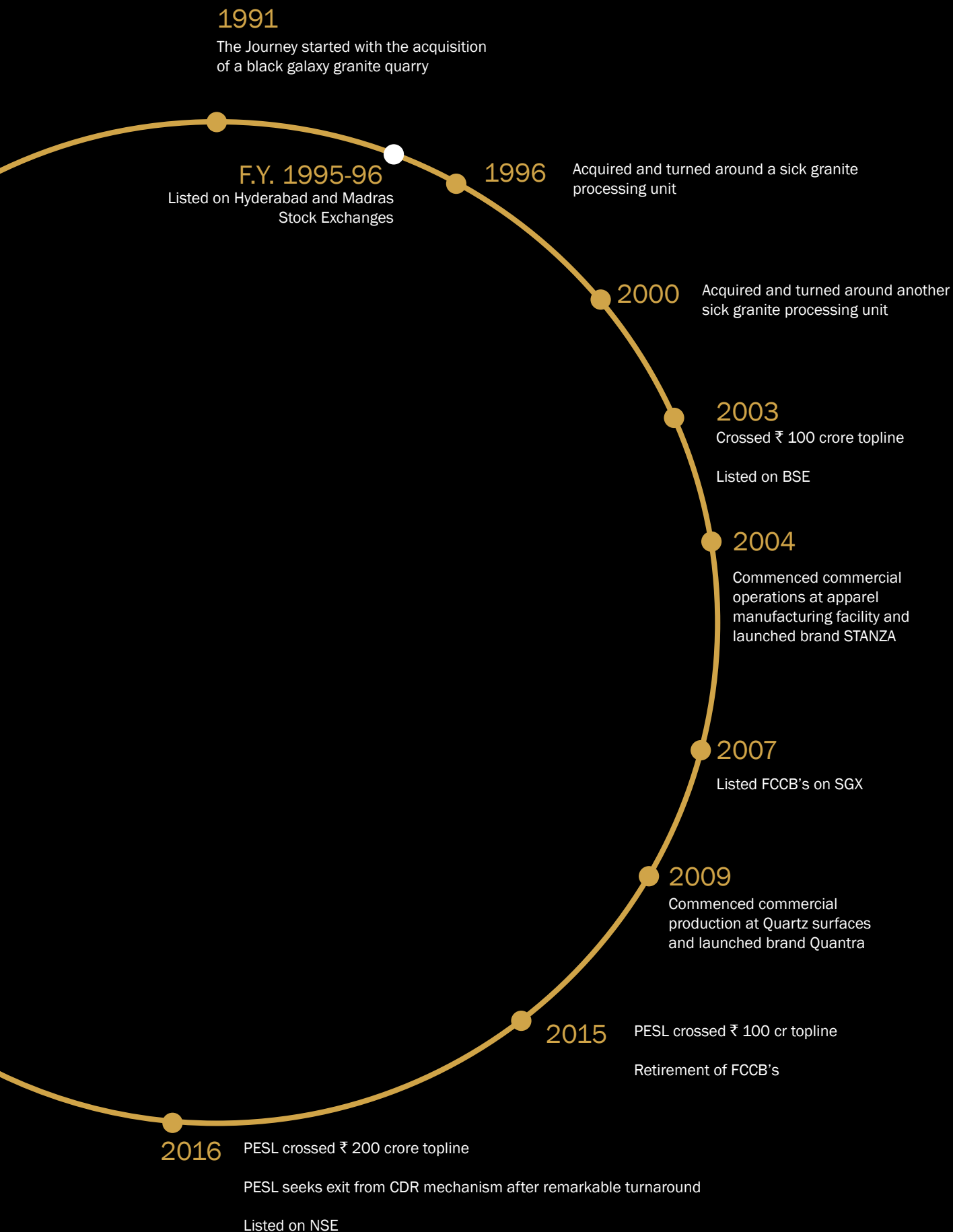
Forward Looking Statements

Certain statements in this report may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local, political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Important factors that could make a difference to your Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which your Company operates, changes in the Government regulations, tax laws, statutes and other incidental factors. Your Company will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

A large, dark gray, stylized number '25' serves as the background for the entire page. The '2' is on the left and the '5' is on the right. A thin, curved yellow line starts from the top right and curves downwards towards the bottom right.

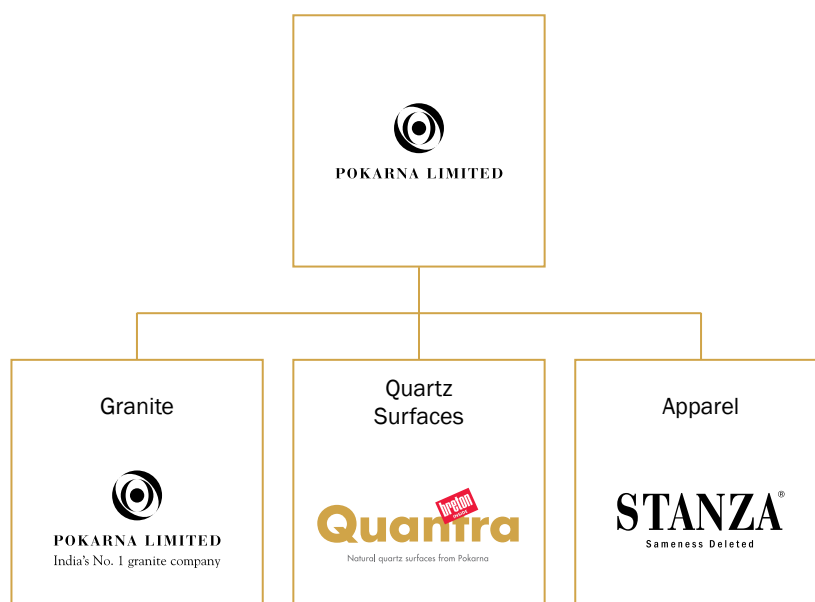
POKARNA. TWENTY FIVE ROCK SOLID YEARS.

For twenty five years, we've given you the
world's finest natural granite...
Now we also bring you the world's finest
natural quartz surfaces.

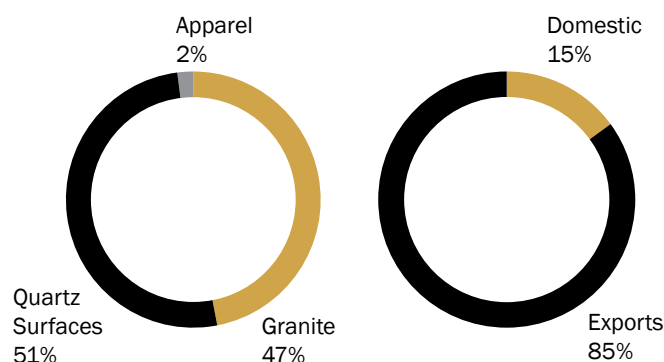


We are Pokarna

We are India's leading exporters of Granite and largest exporter of Quartz surfaces. With manufacturing facilities in Telangana and Andhra Pradesh, we export to over 50 countries. We market Quartz surfaces under the brand Quantra. Our Quartz surfaces operations are under our wholly owned subsidiary Pokarna Engineered Stone Limited. Our products are well accepted across developed and developing nations. We also possess the best of the manufacturing technologies where we use patented Bretonstone® technology for Quartz surfaces. Our brand Quantra today stands as a synonym for best quality product and design. We also have a very robust distribution network across various countries where we are known for our perfection. We offer a vast range of natural stones, quarried from our 16 mines (color-wise) and finished at our two factories in Telangana. Our brand Quantra offers some of the most exhaustive range of designs. We also manufacture apparels and market under our brand STANZA.



Share in Revenue





Algeria	Hong Kong	Qatar
Argentina	Indonesia	Romania
Australia	Iraq	Russia
Austria	Ireland	Saudi Arabia
Bangladesh	Israel	Slovakia
Barbados	Italy	Slovenia
Belgium	Jamaica	Spain
Bermuda	Jordan	Sri Lanka
Brazil	Korea	St. Lucia
Canada	Lebanon	Switzerland
Chile	Libya	Taiwan
China	Luxembourg	Thailand
Columbia	Malaysia	Turkey
Croatia	Mexico	UAE
Cyprus	Morocco	Uganda
Czech Republic	Netherlands	UK
Egypt	New Zealand	Ukraine
Finland	Norway	USA
France	Palestine	Venezuela
Germany	Poland	Vietnam
Greece	Puerto Rico	

* Map is not to scale, it is used for representative purpose only. It does not authenticate any international borders.

Chairman's Message

Dear Shareholders,

It's been a remarkable year for all of us at Pokarna Ltd., a year which brought Company's agility, adaptability and executional capabilities to the fore. Challenging macro external headwinds during the year demanded Company demonstrate such qualities and I am really pleased with the way we performed.

Before I begin discussing our operational performance, let me briefly mention the key financial highlights- revenues from engineered stone business jumped from ₹ 135 crore to ₹ 201 crore, reflecting the strong business growth, while granite business generated revenues worth ₹ 184 crore as against ₹ 183 crore during last year. Apparel business reported revenues worth ₹ 9 crore as against ₹ 7 crore during last year. Consolidated Profit for the year grew by ~65% and stood at ₹ 51 crore as against previous year's profit of ₹ 31 crore. In order to commemorate the completion of 25 years of your Company's journey the board has recommended a special silver jubilee dividend of ₹ 7 per share, along with a regular dividend of ₹ 3 per share, totaling up to a dividend of ₹ 10 per share, i.e. 100% dividend.



Engineered stone business performed exceedingly well during the year, continuing its strong momentum from last year. Capitalizing on strong demand, your Company was able to consolidate its position as being the largest quartz surfaces manufacturing firm in the Country. The Company also undertook several measures during the year which helped cap off a phenomenal year for the business. Recognizing the growing trend amongst consumers towards bigger size slabs, your Company undertook modernization and upgradation activities enabling it to manufacture jumbo size slabs. Further your Company's persistent focus on introducing newer and innovative products helped in maintaining revenue momentum during the year. Further, your Company's quartz surfaces were also kosher certified during the year, which should help us meet growing demand for the products conforming to Kashrut principles. In addition, it will help strengthen the trust for our products in the Jewish market. The Company is also monitoring present and projected demand picture across markets to ascertain feasibility of undergoing capacity expansion.

Performance of granite business remained largely steady though on the back of heightened competitive environment during the year. Your Company had to face growing competition from Brazilian players, who owing to acute depreciation in their currency vis-à-vis were able to serve major proportion of the demand. In addition to currency factor, the business also had to function in a relatively weaker demand environment, which further compounded the challenges. However, your Company given its vast experience is confident of overcoming such headwinds and expects to deliver strong performance going ahead.

Innovation has been central to our success and will continue to remain a cornerstone going forward as well. Offering novel and attractive products is critical to hold customers interest and as such Company undertakes necessary measures towards strengthening its R&D capabilities. Our expansive portfolio comprising of some of the most sought after designs and shades is a testament of our commitment and capability and has helped us develop a strong connect with our customers.

Also, keeping in view the value proposition and commitment we offer to our customers; your Company is working towards strengthening its distribution network to help serve the customers even better. Presence across faster growing geographies will help further propel our growth and help lower our dependency on particular market / economy. We are also undertaking necessary measures towards enhancing our brand visibility and distribution network which should help us develop strong brand equity and better serve our customers across the globe.

We feel we have the right plans and people in place to drive the business forward. The actions and the investments which we plan to undertake should help us strengthen our innovation & revenue management capabilities besides improving our portfolio composition. We would also leverage on our advantages – rich experience, diverse product portfolio and improving brand equity to navigate uncertain business environment. We believe we are well positioned to deliver consistent growth going forward.

Lastly, I would like to thank all the employees, business partners, bankers, vendors and other business associates and all the shareholders for their unrelenting support. We are committed towards ensuring that our best years are ahead of us.

With best regards,

GAUTAM CHAND JAIN
Chairman & Managing Director