

“Attitude is a little thing that makes a big difference”

– Winston Churchill

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Mr. Prakash Chand Jain, *Director*

Mr. Meka Yugandhar, *Director*

Mr. Thati V. Chowdary, *Director*

Mr. Vinayak Rao Juvvadi, *Director*

Mr. Mahender Chand Chordia, *Director*

Mr. Dhanji Lakhamsi Sawla, *Director*

Mr. Rahul Jain, *Executive Director*

.....●.....

COMPANY SECRETARY

Mr. Paruchuru Vinay

.....●.....

STATUTORY AUDITORS

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

.....●.....

COST AUDITORS

M/s DZR & Co., Cost Accountants, Hyderabad

.....●.....

REGISTRAR AND SHARE TRANSFER AGENTS

M/s. Karvy Computershare Private Limited,

Plot No. 17 to 24, Vithal Rao Nagar, Madhapur, Hyderabad – 500081

.....●.....

BANKERS

Union Bank of India, Khairatabad, Hyderabad

.....●.....

REGISTERED OFFICE

105, First Floor, Surya Towers, Sardar Patel Road,

Secunderabad – 500 003, Andhra Pradesh, India.

Tel : 040-27842182, 27844101, 66266777.

Emails : contact@pokarna.com, companysecretary@pokarna.com

Websites : www.pokarnagroup.com

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FACTORIES

Granite Division

Unit - I

Survey No.123, Tooprantpet (Village),
Choutuppal (Mandal), Nalgonda (District),
Andhra Pradesh.

Unit - II

Survey No. 563, 568 & 574,
Aliabad Village, Shameerpet, (Mandal),
R.R. District, Andhra Pradesh.

Apparel Division

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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LISTED ON

Bombay Stock Exchange Limited (BSE)
Scrip Code: 532486

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-second Annual general meeting of the company will be held on **17th September, 2013, Tuesday, at 10.30 a.m., at Hotel Vivanta, by Taj, Opp. Hyderabad Public School, Begumpet, Hyderabad,** to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance sheet as at 31st March 2013, the Statement of profit & loss for the year ended on that date along with notes, the reports of the Board of directors and Auditors thereon.
2. To appoint a Director in place of Mr. Meka Yugandhar, who retires by rotation and being eligible, offers him selves for reappointment.
3. To appoint a Director in place of Mr. Thati Venkataswamy Chowdary, who retires by rotation and being eligible, offers him selves for reappointment.
4. To appoint a Director in place of Mr. Mahender Chand Chordia, who retires by rotation and being eligible, offers him selves for reappointment.
5. To appoint a Director in place of Mr. Dhanji Lakhamshi Sawla, who retires by rotation and being eligible, offers him selves for reappointment.
6. To reappoint M/s. S. Daga & Co., (Reg. no. 000669S), Chartered accountants, Hyderabad as Statutory auditors of the company, to hold office from the conclusion of this Annual general meeting until the conclusion of the next Annual general meeting and authorize Board of directors to fix their remuneration.

SPECIAL BUSINESS

7. **To 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’), subject to such other approvals including approval from the Central Government, as may be required, approval be and is hereby accorded to the reappointment of Mr. Gautam Chand Jain as Chairman & Managing Director of the Company, not being liable to retire by rotation, for a period of 5 (five) years with effect from 1st July, 2013, on the terms and conditions including remuneration as set forth in the explanatory statement related to this business (i.e. item No. 7), 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. Gautam Chand Jain”.

By order of the Board of directors

Place : Secunderabad
Date : 14.08.2013

Paruchuru Vinay
Company Secretary & Compliance Officer

NOTES :

1. Relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of resolution set out under item no. 7 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 / HER 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 dematerialized 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, plot No. 17 to 24, near Image Hospital, Vithalrao Nagar, Madhapur, Hyderabad 500 081. All communications regarding shares are to be addressed to our Registrar and share transfer agent at the address mentioned above.
7. Members whose shareholding is in the electronic mode are requested to inform change of address notifications to their respective Depository 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	Unclaimed dividend (Amount in ₹.)	Last date for claiming unpaid dividend or due date for transferring the amount to IEPF account.
2005 - 06	29.09.2006	2,30,122	03.11.2013
2006 - 07	28.09.2007	1,72,556	02.11.2014
2007 - 08	24.09.2008	90,451	24.10.2015

Shareholders, who have not so far encashed the Dividend Warrant(s), are requested to seek the 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. Members holding shares in the same 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.
10. 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. 2B in duplicate to M/s Karvy Computershare Private Limited (Forms shall be made available on request).

11. 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. Paruchuru Vinay**, Company Secretary, at least 7 days prior to the date of the meeting.
12. Copies of the Annual Report will not be distributed at the Annual General Meeting.
13. The Register of Members and Share Transfer books of the Company will remain closed from **13th September 2013 to 17th September 2013** (both days inclusive).
14. The Register of director's shareholdings shall be open for inspection to any member of the Company during the period beginning 14 days before the date of Company's 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.
15. Following is biographical data of the rotational Directors seeking re-appointment, as required under clause 49 of the Listing Agreement entered with the Stock exchanges:

Name of the Director	Mr. Meka Yugandhar	Mr. Thati Venkataswamy Chowdary	Mr. Mahender Chand Chordia	Mr. Dhanji Lakhamsi Sawla
Date of Birth	10.07.1951	01.06.1943	13.04.1943	06.08.1930
Date of Appointment	29.03.2002	31.07.2002	01.07.2003	01.07.2003
Expertise in specific functional areas	Securities market, finance, general management and commercial matters	Mining , geology, finance & corporate management	Finance, consumer goods industry, business management and commercial matters	Trading , business administration and commercial management
Qualifications	B.com., FCA	B.E (Mining), M.B.A, L.L.B, F.I.E, .M.E.A, S.M.E.	B.com., FCA	Secondary
Directorship held in other companies as on 31 st March, 2013 (excluding foreign companies and private limited companies)	10	3	1	2
Chairmanship/Membership of Committees (across all public limited Companies)	5	4	1	Nil
No. of shares held in the Company as on 31st March, 2013.	Nil	Nil	Nil	Nil

Note: Biographical data of Mr. Gautam Chand Jain is provided under the Explanatory Statement provided for item No: 7, which is enclosed as annexure to this notice.

Names of other Public Limited companies in which also the appointees hold the directorship and the membership of Committees of the Board:

1. Mr. Meka Yugandhar	
Name of the company	Position held in the company
(i) Karvy Stock Broking Limited	<ul style="list-style-type: none"> • Director • Audit Committee, Member • Remuneration Committee, Member • Customer Service Committee, Member • Risk and Compliance Committee, Member
(ii) Karvy Financial Services Limited	<ul style="list-style-type: none"> • Director • Audit Committee, Member • Investment Committee, Member • Nomination Committee, Member • Debenture Allotment Committee, Member
(iii) Karvy Investor Services Limited	<ul style="list-style-type: none"> • Director • Audit Committee, Member
(iv) Karvy Global Services Limited	<ul style="list-style-type: none"> • Director • Audit Committee, Member
(v) Karvy Comtrade Limited	<ul style="list-style-type: none"> • Director
(vi) Karvy Consultants limited	<ul style="list-style-type: none"> • Director
(vii) Karvy Insurance Broking limited	<ul style="list-style-type: none"> • Director
(viii) Nova Consultants Limited	<ul style="list-style-type: none"> • Director
(ix) Pokarna Engineered Stone Limited	<ul style="list-style-type: none"> • Director

2. Mr. Thati Venkataswamy Chowdary	
Name of the company	Position held in the company
(i) Regma Ceramics Limited,	<ul style="list-style-type: none"> • Director • Audit Committee, Member
(ii) Pokarna Engineered Stone Limited	<ul style="list-style-type: none"> • Director
(iii) Divyashakti Granites Limited	<ul style="list-style-type: none"> • Director

3. Mr. Mahender Chand Chordia	
Name of the company	Position held in the company
Pokarna Engineered Stone Limited	Director

4. Mr. Dhanji Lakhamshi Sawla	
Name of the company	Position held in the company
Pokarna Engineered Stone Limited	Director
Reliance Cellulose Products Limited	Director

ANNEXURE TO NOTICE

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

Item No. 7:

Mr. Gautam Chand Jain, born on the Independence Day in 1955, started off with retailing and wholesaling of fabrics along with his family members in 1979-80 and by 1982-83 earned the distinction of being Raymond Ltd's top distributor in India in terms of both value and volume of Raymond Fabrics, which he has been able to sustain all through. Mr. Gautam Chand Jain was successful in turning around sick units acquired from Financial Institution into profit making units. He is renowned personality in the field of granite and textile industries and had immensely contributed to the nation by developing international market for granite from India. He is well exposed and familiar with international business.

Mr. Gautam Chand Jain, aged about 58 years, is a commerce graduate and has close to 40 years of experience in the field of industry, business and corporate management.

Mr. Gautam Chand Jain is not a member on any of the Committees of the Board of directors of the Company. Other companies where Mr. Gautam Chand Jain holds the position of directorship are provided below:

Sl. No.	Name of the Company
1	Pokarna Fashions Limited
2	Pokarna Fabrics Limited
3	Pokarna Marketing Limited
4	Pokarna Engineered Stone Limited

Present tenure of Mr. Gautam Chand Jain as the Chairman & Managing Director of the company expired on 30th June, 2013. The consent of the members is sought to accord approval for the reappointment of Mr. Gautam Chand Jain as the Chairman & Managing Director of the company, for another period of five years with effective from 1st July, 2013.

Further accord is also sought for payment of remuneration (No increase in remuneration is proposed from earlier approval of the members), as set out below, to Mr. Gautam Chand Jain, Chairman & Managing Director during his tenure commencing from 1st July 2013.

1. Salary per month: ₹. 5,00,000
2. Perquisites and Allowance: Not exceeding ₹. 2,50,000 per month in the nature of accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilization of gas, electricity, water, security services, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; club fees, medical insurance and such other perquisites and / or allowances. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules there under or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. However, the company's contribution to Provident Fund, to the extent these singly or together are not taxable under the Income-tax law and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the company and to the extent not taxable under the Income-tax law, shall not be included for the purpose of computation of the overall ceiling of remuneration.
3. In addition to the salary, perquisites and allowances as stated above based on certain performance criteria to be laid down by the Board, he shall also be entitled to receive incentive remuneration, if any and/or commission, payable quarterly or at other intervals, as may be decided by the Board.
4. Reimbursement of expenses incurred for travelling, boarding and lodging including for attendant(s) during business trips; provision of car for use on the Company's business and telephone expenses at residence shall be reimbursed and not considered as perquisites.

Overall Remuneration:

The aggregate of salary, perquisites, commission and allowances in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with

Schedule XIII to the said Act, as may, for the time being, be in force. In case of any doubt/ discrepancy/ clarification that may arise with respect to payment of remuneration in excess of that entitled under Section I, II of Part II of Schedule XIII to the Companies Act, 1956, but not exceeding the overall limits prescribed under the Act, the same shall be determined and decided by the Board.

Minimum Remuneration:

In the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, as may, for the time being, be in force”.

Mr. Gautam Chand Jain, Mr. Prakash Chand Jain and Mr. Rahul Jain, Directors, being related to Mr. Gautam Chand Jain, are concerned or interested in the resolution.

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.

The Directors recommend the passing of the resolution at Item No. 7 of the accompanying Notice.

By order of the Board of directors

Place : Secunderabad

Date : 14.08.2013

Paruchuru Vinay

Company Secretary & Compliance Officer

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Members,

Your Directors are pleased to present the 22nd Annual report together with the audited accounts of your company for the financial year ended 31st March, 2013. The summarized consolidated and standalone financial performance of your company is as under;

(Amount in Lacs)

Particulars	Standalone		Consolidated	
	2012-2013	2011-2012	2012-2013	2011-2012
Total income	16022.87	14294.12	20867.02	18433.01
Less-expenditure	15508.99	14144.18	22540.68	21477.86
Profit/(Loss) Before tax and Extra-ordinary items	513.88	149.94	(1673.66)	(3044.85)
Total tax expenses	149.37	48.74	149.37	48.80
Extra-ordinary item (refer note. 2.23 in consolidated financial statements).	Nil	Nil	1158.75	Nil
Profit after tax and Extra-ordinary item	364.51	101.20	(664.28)	(3093.65)
Balance of Profit brought forward.	888.14	2630.51	(5573.77)	(636.55)
Appropriation				
FCCB redemption reserve	(1624.47)	1843.57	(1624.47)	1843.57
Balance carried to balance sheet	2877.12	888.14	(4613.58)	(5573.77)

The company performed reasonably well during the financial year 2012-13. The highlights of the financial (standalone) performance is as follows:

- The total income for the financial year 2012 – 2013 stood at ₹. 16022.87 Lacs as compared to previous year's total income of ₹. 14294.12 Lacs registering a growth of 12.09%.
- Net Profits for the financial year under report increased to ₹.364.51 Lacs as compared to ₹. 101.20 Lacs in the previous year, registering a growth of 260%.
- The Apparel division of your company continued to suffer another rough year, while the Granite division has demonstrated much improved results for the year.

SUBSIDIARY & CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the General Circular no. 2/ 2011 issued by the Ministry of Corporate Affairs, Government of India, the provisions of Section 212 of the Companies Act, 1956, shall not apply in relation to Pokarna Engineered Stone Limited, wholly owned subsidiary company, in view of your company meeting to all the requirements mentioned in the said circular. The consolidated financial statements of the holding and the subsidiary companies have been prepared in strict compliance with applicable accounting standards and the Listing Agreement, which are duly audited by the statutory auditors and form part of this annual report. The audited annual accounts and related detailed information of Pokarna Engineered Stone Limited, wholly owned subsidiary company, shall be made available at any point of time to the shareholders of the company, on request. Further, your company shall furnish hard copies of the details of the accounts of Pokarna Engineered Stone Limited as and when requested. The audited annual accounts shall be kept open at the registered office of both companies for inspection by any shareholder of either company.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB's):

During the year under review and during period from 01st April 2013 to till the date of this report, company had redeemed 9539 units of FCCB's having face value of USD 1000 each at a price of USD 8.244 million. As on the date of this report, 2461 bonds having face value of USD 1000 each are due for redemption.

AUDITORS OBSERVATIONS

The Auditors without qualifying the report have made some observations, such observations are self explanatory and therefore do not call for any further comments or further explanation.

DIVIDEND

The Board of directors of your company has decided not to recommend dividend for the financial year 2012 -2013, with a view to conserve the resources.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors responsibility statement, your 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;
- such accounting policies have been selected 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;
- proper and sufficient care have been taken 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;
- the annual accounts are prepared on a going concern basis.

AUDIT COMMITTEE

In terms of the requirement of clause 49 of the Listing Agreement with the Bombay Stock Exchange and Section 292A of the Companies Act, 1956, your company has constituted Audit Committee. The composition of the committee & other details are given in the Corporate Governance Report which forms part of this annual report.

CORPORATE GOVERNANCE

Your company is committed to maintain the highest standards of corporate governance. as required under clause 49 of the Listing Agreement with the Stock exchange, a report on corporate governance as well as auditors certificate on the compliance of conditions on corporate governance are annexed and form part of this annual report. With a view to strengthen the corporate governance framework, the Ministry of Corporate Affairs has issued a set of voluntary Guidelines in December 2009 for adoption by companies. Your company is already complying with various requirements of the Guidelines and further, will review its corporate governance parameters in the context of the recommendations under the Guidelines for appropriate action.

All board members and senior management personnel have affirmed compliance with the Code of conduct for the year 2012-13. A declaration to this effect signed by the Chairman & Managing Director (CEO) of your company is annexed to this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

A separate section titled 'Management's Discussion and Analysis Report' forms part of this Annual Report.

AUDITORS

Statutory auditors

M/s. S. Daga & Co., Chartered accountants (Reg. 000669S), who are the statutory auditors of the company hold office until the ensuing annual general meeting. It is proposed to re-appoint them to audit the accounts of the company for the financial year 2013-14. As required under the provisions of Section 224 of the Companies Act, 1956, your 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.

Members are requested to reappoint 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.

Cost auditors

In pursuance to Central Government Order no. 52/26/CAB – 2010 dated 24th January 2012 read with the provisions of Section 233B of the Companies Act, 1956, your company has appointed M/s DZR & Co, Cost accountants, Hyderabad, as cost auditors of your company to conduct cost audit of the cost accounting records of Apparel division of your company for the financial year 2013 - 2014. As required under the provisions of Section 224 of the Companies Act, 1956, your company has obtained a written certificate from M/s DZR & Co, Cost Accountants to the effect that their appointment was in conformity with the limits specified in the said section.

The due date for filing of the cost audit report with the Ministry of corporate affairs, for the financial year 2012-13 is 27th September 2013 (as per rule cost audit report need to be filed within 180 days from the date of closing of respective financial year). Company will ensure that the said report will be filed within due date.

DIRECTORS

In terms of the provisions of Sections 255 and 256 of the Companies Act, 1956 Mr. Meka Yugandhar, Mr. Thati Venkataswamy Chowdary, Mr. Dhanji Lakhamshi Sawla & Mr. Mahender Chand Chordia, Directors of your company, shall retire at the ensuing Annual General meeting and being eligible, offer themselves for re-appointment. Previous term of Mr. Gautam Chand Jain, Chairman & Managing Director of your company expired on 30th June, 2013, he has been reappointed as Chairman & Managing Director by the Board of directors in the Board meeting held on 22nd May 2013, for a further period of 5 years with effect from 01st July 2013, subject to the ratification of his reappointment by the shareholders. Board recommends the reappointment of aforementioned Directors.

PARTICULARS OF EMPLOYEES

None of the employees of the company was in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended till date during the year under report.

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 are applicable to the Apparel division of the company, hence the information pertaining to that division is provided below:

A	Power & Fuel Consumption	2012-13	2011-12
1	Electricity		
	a) Purchased power		
	-Units	303188	528280
	-Total amount (In Rupees)	23,62,806	27,45,708
	-Rate per unit (In Rupees)	7.79	5.19
	b) Own Generation		
	Through Diesel Generator		
	Litres of Diesel utilized	15670	24865
	Total cost of Diesel utilized (In Rupees)	7,59,513	12,71,927
	Units per litre generated	3.69	4.74
	Cost Per unit	13.12	10.77
B.	Consumption per unit of production (i.e one shirt / one trouser).	2012-13	2011-12
	Electricity (in number of units)	2.82	1.87

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.
3. Future plan of action — Not applicable.
4. Expenditure on R & D: Nil

Company maintains a high level of information flow with various companies. Through visits of executives to developed countries, your company keeps abreast with the advanced technological developments and through specific program, introduces, adopts and implements them. This has resulted in higher production, accuracy and perfection in excavation of rough granite blocks, processing of random granite slabs, tiles and manufacturing of apparel.

Your company generally exports granite to countries like Austria, Barbados, Bangladesh, Belgium, Bermuda, Brazil, Canada, China, Croatia, Finland, France, Germany, Hong Kong, Indonesia, Italy, Jamaica, Jordan, Libya, Malaysia, Mexico, Netherlands, New Zealand, Norway, Panama, Poland, Russia, Saudi Arabia, Spain, Switzerland, Taiwan, UK, USA and Venezuela.

Your company is continuously exploring possibilities of exporting new markets.

During the year under review, the total standalone foreign exchange earnings was ₹. 9259 Lacs and expenditure of your company was ₹. 1570 Lacs.

ACKNOWLEDGEMENTS

Your Directors express their appreciation for the support, trust and co operation received from the banks, Government authorities, customers, suppliers, shareholders and other stakeholders during the year under review. The Board is also very thankful to the holders of Foreign Currency Convertible Bonds for their support.

Your Directors acknowledge with gratitude the commitment and dedication of the employees at all levels, which has contributed to the growth and success of the company.

Your Directors look forward to the continued support from all of you in the years to come.

For and on behalf of the Board

Place : Secunderabad

Date : 14.08.2013

Gautam Chand Jain

Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS



1. INDUSTRY STRUCTURE AND DEVELOPMENT

Granite

The word “Granite” is derived from the Latin word “Granum” meaning grain because of its granule nature. Your company’s granite segment can be broadly classified into granite quarrying and processing of slabs and tiles etc.

Your company competes with other quarriers and manufacturers and processors in the sale of granite blocks and the finished goods on the basis of price, color, quality, geographic proximity, service, design availability, production capability and delivery options. All of granite products are subject to competition from same or similar type supplied by quarriers and manufacturers located in India and other parts of the world.

Your company’s quarrying and manufacturing competitors include both domestic and international companies, some of which have greater financial, technical, manufacturing, marketing and other resources. Foreign competitors may have lower cost labor and better commercial deposits of granite and may be subject to less restrictive regulatory requirement.

In respect of company’s granite processing business, for certain raw materials, the company is dependent on one or a small number of suppliers. An adverse change in the company’s relationship with such a supplier, the financial condition of such a supplier’s ability to quarry or deliver such raw materials to the company could lead to an interruption of supply. An extended interruption in the supply of these or other raw materials used in the company’s business or in the supply of suitable substitute materials would disrupt the company’s operations, which would have material adverse effect on the company’s business.

Overall economic conditions and consumer sentiment have remained challenging, which has intensified the pressure on the demand for dimension stone products. Although the company cannot determine with certainty as to when market conditions will stabilize and begin to improve, the company believes it is well-positioned in the long term as the industry improves.

The state of Andhra Pradesh is experiencing acute power crisis which has impacted all industries which poses a challenge to our company also.

Apparel

Domestic apparel industry in India grew at a CAGR of 10 percent from ₹. 1,260 bn in FY07 to ₹. 2,206 bn in FY12. The growth can be attributed to the upsurge in the economy coupled with the rise in per capita disposable income. Factors like the changing fashion trends, growing consumer class and rising urbanization together have led to the growth in the apparel industry. Increasing retail penetration, growing service class and the increasing share of the designer wear have also been the drivers for growth. However, on account of overall slowdown in the economy, the apparel industry witnessed lower growth in the past couple of years.

Care research expects the men’s apparel segment to grow at a CAGR of 7 percent to ₹. 937bn in FY16. It is the most penetrated segment of the domestic apparel market. Its share in the overall domestic apparel market is expected to decline slightly from 35.3 percent in FY12 to about 34.1 percent in FY16. However, it will continue to remain the largest segment. (Source: CARE Research Industry update – Apparels May 3, 2013)

The bottom-line of this business division of your company, continues to be severely affected due to lower capacity utilization at manufacturing, price rationalization and higher discounting at the apparel retailing (STANZA brand) part of the business.

2. OPPORTUNITIES AND THREATS

Your company’s business may be subject to other opportunities and threats including the following:

Granite – Opportunities

- Growing demand from domestic and other developing markets like Israel, Libya, etc.
- Increased usage in different applications.

Apparel – Opportunities

- Rise in the cost of production in China, gives India an opportunity to capture the share in the international market.
- Growth in the number and spending power of middle-class consumers in the country.
- Use of technology and the internet to make sourcing a truly global activity.

Granite – Threats

- Frequent power disruptions and consequently increased dependency on other costly means of power sourcing affects the cost of production.
- Under utilization of capacity.
- Non availability of good blocks for processing and volatility in imported block prices.

Apparel – Threats

- Stiff competition from other countries like China, Bangladesh, Vietnam and Turkey is posing serious threats to the industry.
- Rising rental and store management expenses.
- Cash flow from apparel business continues to be negative due to lower capacity utilization, huge inventory buildup, higher store rental and store management expenses poses serious problem to the company.

3. SEGMENT WISE PERFORMANCE

At present, company operates in two segments namely, Granite and Apparel. The financials for the said divisions of the Company are as under.

(₹. In Lacs)

S No	Particulars	For the year ended	
		31.03.2013	31.03.2012
1	Segment Revenue		
a)	Granites	14072	11051
b)	Apparel	1530	2935
	Total	15602	13986
	Less: Inter Segment Revenue	-	-
	Net Sales/Income from Operations	15602	13986
2	Segment Results Profit (+) / Loss (-) before tax and interest from each segment.		
a)	Granites	2385	1357
b)	Apparel	(861)	(253)
	Total	1524	1104
	Less : i) Interest	1010	954
	Total Segments Profit Before Tax	514	150
3	Capital Employed (Segment Assets - Segment Liabilities)		
a)	Granites	8116	8439
b)	Apparel	2097	2219
	Unallocable assets less liabilities	3246	1835
	Total	13459	12493

4. OUTLOOK

Granite

The dimension stone industry is sensitive to changes in general economic conditions such as consumer confidence and income, corporate and government spending, interest rate levels, availability of credit and demand for housing. The current downturn in global economies, along with the residential and commercial markets in such economies, has

negatively impacted the dimension stone industry. These difficult economic conditions may continue in foreseeable future. Further, significant or prolonged declines in such economies or in spending for replacement dimension stone products or new construction activity could have material adverse effect on the company's business.

Apparel

Your company is laying thrust on cost efficiencies in apparel retailing (STANZA brand) front through closing down economically unviable stores, better inventory management and reducing overheads. Besides this new store openings will be re-aligned to match demand outlook.

Manufacturing garments is labor intensive and with India facing the inflationary scenario, there is constant demand by the workers for a raise in wages. But, the industry cannot afford this if it is to remain globally competitive. Further low availability of skilled manpower is also a big challenge, as the people now prefer to work in the air conditioned environments like shops and malls than in the manufacturing units. Globally, especially in Asian countries like Vietnam, Pakistan, China and Bangladesh, manufacturing takes place in the villages where the labor is available in plenty at a lower cost. (Source: CARE Research Industry update – Apparels May 3, 2013)

5. RISKS AND CONCERNS

Your company operates in a business environment characterized by increasing globalization and intensifying competition. As a result, risk is integral to its business and is managed by your company by regular monitoring. Investors are requested to exercise their own judgment in assessing various risks associated with the industry and the company. The management cautions that the risks outlined hereunder are not exhaustive and are indicative only:

- The company faces intense competition in the dimension stone, which could decrease demand for the company's products or force it to lower prices, which could have a material adverse effect on the company's profitability.
- The company may not be able to obtain raw materials on a timely basis, which could have a material adverse effect on the company's business.
- Fluctuations in currency exchange rates may impact the company's financial condition and results of operations and may affect the comparability of results between the company's financial periods.
- Some countries may impose anti outsourcing restrictions should the growth of exports from any geography exceed certain acceptable limits. Such restrictions can adversely impact growth of your company.
- Skilled personnel in apparel industry are rarely available.
- For STANZA retail shops, the company has to compete with other branded apparel retailers to book locations on a continuous basis. If we are not able to book/find the locations at right rent, time and place, the same may have a material adverse impact on our results of operation.
- Manufacturing and sale of apparel requires forecasting of future demand and fashion trends. If we misjudge the market for our products, we may be faced with significant excess inventories for some products and missed opportunities for others. Also Apparel retailing in India is highly working capital intensive primarily because of high inventory levels.
- Staff attrition and non-availability of key personnel affect the company's operations. Volatility in the prices of critical raw materials also impact profitability.
- Demand is dependent on general economic conditions. A downturn can adversely affect the company's business and earnings.
- The company has significant indebtedness; a failure to generate adequate cash flow could risk in servicing its obligations and may place it at a competitive disadvantage and limit its ability to pursue business.
- Uncertainty in the credit markets, downturns in the global economy and the company's business could affect the overall availability and cost of credit.
- The company's existing debt-equity ratio may constrain its ability to raise additional funds for future capex-oriented initiatives.

6. INTERNAL CONTROL SYSTEMS AND ADEQUACY

The company has an adequate system of internal control implemented by the management towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with all applicable laws.

7. FINANCIAL PERFORMANCE OF THE COMPANY / OPERATIONS

- Net sales increased by 12.09 % from ₹. 14294.12 Lacs to ₹. 16022.87 Lacs.
- Net Profits increased by 260% from ₹. 101.20 Lacs to ₹. 364.51 Lacs.
- Earnings per share stood at ₹. 5.88 and diluted EPS stood at ₹.5.88

8. HUMAN RESOURCES

Your company recognizes the value addition of its employees and their contribution to the growth and development of the company. In turn, the company is committed to train and develop its people and motivate them. Industrial relations have been cordial and mutually beneficial.

9. CAUTIONARY STATEMENT

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.

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY

Pokarna defines corporate governance as the system that allocates duties and authority among the Board of directors. The result of good corporate governance is intended to be a well system run, efficient company that identifies and deals with its problems in a timely manner, creates value for its shareowners' and meets its legal as well as ethical responsibilities.

Our commitment to strong, responsible corporate governance embarks on our Board of directors. Each Board member is essentially concerned to preserve the integrity that has characterized the company.

We take the subject of corporate governance very seriously from the boardroom to the manufacturing floor. Integrity has always been one of our values; it is the foundation of our reputation and one of our most precious assets. We govern ourselves with a rigorous system of checks and balances to ensure utmost compliance to fair and honest business practices. This ensures that our integrity is never compromised.

We believe that the integrity of any company must come from a leadership committed to behavior that is honest, decent and fair and from directors and employees who share that commitment and bring it to life at all levels of the organization. That's exactly what we do at Pokarna limited.

II. BOARD OF DIRECTORS

Composition of Board

The names of the directors, their directorship and Board committee(s) membership in other companies as on 31st March, 2013 together with their attendance for the year under report are given below:

Committee positions held
(across all companies)[*]

Name	Category	Board meeting attendance	Attendance at the last AGM	No. of other Directorships[**]	Committee positions held across all companies (Member / Chairman) [*]
Mr. Gautam Chand Jain	Chairman & Managing Director	5	Present	4	NIL
Mr. Rahul Jain	Executive Director	3	Present	2	1
Mr. Prakash Chand Jain	Non Executive & Non Independent	4	Present	4	0
Mr. Meka Yugandhar	Non Executive & Independent	5	Present	10	5
Mr. Thati V. Chowdary	Non Executive & Independent	5	Present	3	4
Mr. Vinayak Rao Juvvadi	Non Executive & Independent	5	Present	1	1
Mr. Mahender Chand Chordia	Non Executive & Independent	4	Absent	1	1
Mr. Dhanji Lakhamshi Sawla	Non Executive & Independent	4	Present	2	NIL

[*] Chairmanship / membership in Audit and Shareholders grievance committees.

[**] Excluding private, foreign and Section 25 companies.

Board Meetings

Five meetings of the Board of directors were held during the year on 12th May, 2012; 09th June, 2012; 11th August, 2012; 10th November, 2012 & 13th February, 2013.

Details of shares held by directors (as on 31st March, 2013)

Director	Number of shares held
Mr. Gautam Chand Jain	500000
Mr. Prakash Chand Jain	500000
Mr. Rahul Jain	100000

Directors' compensation and disclosures

Sitting fees were paid to the Non-Executive Directors for attending each meeting of the Board. Other than that, no other component of remuneration was paid to Non-Executive Directors. A detail on the remuneration paid to Executive Directors during the financial year ended 31st March, 2013 is disclosed under the head "Remuneration policy" in this report (Corporate governance).

Brief profile of the directors being re-appointed

It is proposed in the notice convening the twenty second annual general meeting of the company to reappoint Mr. Meka Yugandhar, Mr. Thati Venkataswamy Chowdary, Mr. Dhanji Lakhamshi Sawla, Mr. Mahender Chand Chordia, and Mr. Gautam Chand Jain, Directors of the company. Pursuant to clause 49 of the listing agreement, a brief on the profile of Directors is provided in the note and annexure appended to the notice of twenty- second annual general meeting of the company.

Code of Conduct

The Board has approved a Code of conduct for Board members and senior management personnel of the company. The Code of conduct has been posted on the website of the company. All directors and senior management personnel have affirmed compliance with the Code of conduct and submitted declarations in this behalf for the year ended 31st March, 2013. A declaration to the effect signed by the Chairman & Managing Director is given below:

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Bombay Stock Exchange, the Board members and the Senior management personnel have confirmed compliance with the Code of conduct for year ended 31st March, 2013.

Place : Secunderabad

Date : 14.08.2013

Gautam Chand Jain

Chairman & Managing Director

III. AUDIT COMMITTEE**Brief description of the terms of reference:**

The terms of reference of the Audit committee are extensive covering the mandatory requirements under Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956. The Audit Committee of the company, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations
- Safeguarding of Company's assets and adequate provisioning for all liabilities
- Reliability of financial and other management information and adequacy of disclosures
- Compliance with all relevant statutes

Apart from overseeing and monitoring the financial reporting system within the company and considering un-audited / audited financial results for the relevant quarter, half-year and the year before being adopted by the Board, the Audit committee focused its attention on several other important topics. The Audit committee continued to advise the management on areas where internal audit focus was needed and also the new areas that need to be taken up for audit purposes.

Composition:

Mr. Meka Yugandhar – Chairman

Mr. Thati Venkataswamy Chowdary – Member

Mr. Vinayak Rao Juvvadi – Member

Mr. Mahender Chand Chordia – Member

The Chief financial officer, Statutory and Internal auditors are invitees to the committee. They regularly attend the meetings of the committee. Senior executives of the company are also invited to attend the meetings. The Company secretary acts as the secretary to the committee.

Meetings and attendance:

During the year under review, four Audit committee meetings were held on 12th May, 2012; 11th August, 2012; 10th November, 2012 & 13th February, 2013.

Member	Attendance during the year
Mr. Meka Yugandhar	4
Mr. Thati Venkataswamy Chowdary	4
Mr. Vinayak Rao Juvvadi	4
Mr. Mahender Chand Chordia	3

IV. REMUNERATION COMMITTEE**Brief description of the terms of reference:**

- To assess the performance of Chairman & Managing Director and the Executive Director(s) of the company;
- To determine and recommend to the Board, compensation payable to Chairman & Managing Director and the Executive Director(s) of the company.

The Remuneration committee of the company is constituted in accordance with the industry practices and in compliance with Schedule XIII of the Companies Act, 1956.

Composition:

Mr. Thati Venkataswamy Chowdary – Chairman

Mr. Meka Yugandhar – Member,

Mr. Mahender Chand Chordia – Member.

Mr. Prakash Chand Jain – Member

Meeting and attendance:

During the financial year under report, the committee met on 12th May 2012 and 11th August 2012.

Member	Attendance during the year
Mr. Thati Venkataswamy Chowdary	2
Mr. Meka Yugandhar	2
Mr. Mahender Chand Chordia	2
Mr. Prakash Chand Jain	2

Remuneration Policy

The Remuneration Committee recommends to the Board, compensation of the Chairman & Managing and Executive Director(s) of the company keeping in view company's financial status, past performance & remuneration and future growth potential and the industry standards.

The remuneration of the Non-Executive Directors of the company is decided by the Board of directors. The Non-Executive Directors are paid remuneration by way of commission and sitting fees. However, no commission was paid to the Non Executive Directors of the company for the financial year under report. Non Executive Directors do not claim any fees for the Committee meetings. Details of remuneration paid to the Directors during the financial year ended 31st March, 2013 are mentioned hereunder:

(Rupees in Lacs)

Name	Designation	Salary	Perquisites & incentives	Sitting fees	Total
Mr. Gautam Chand Jain	Chairman & Managing Director	12.00	11.99	—	23.99
Mr. Rahul Jain	Executive Director	12.00	—	—	12.00
Mr. Prakash Chand Jain	Non Independent Director	—	—	0.50	0.50
Mr. Meka Yugandhar	Independent Director	—	—	0.60	0.60
Mr. Thati Venkataswamy Chowdary	Independent Director	—	—	0.60	0.60
Mr. Vinayaka Rao Juvvadi	Independent Director	—	—	0.60	0.60
Mr. Mahender Chand Chordia	Independent Director	—	—	0.50	0.50
Mr. Dhanji Lakhamshi Sawla	Independent Director	—	—	0.40	0.40
Total		24.00	11.99	3.20	39.19
Previous year		29.22	11.99	1.06	42.27

Salary and perquisites include all elements of remuneration i.e. salary, allowances & perquisites. No bonus, pension is paid to any of the directors. Contribution to gratuity fund has been made on a group basis and separate figures applicable to an individual employee are not available and therefore, contribution to gratuity fund has not been considered in the above computation.

The company does not have any stock option plan or performance linked incentive for the Executive directors.

Chairman & Managing Director of the company was re-appointed for a period of 5 years with effect from 1st July, 2013 by the Board of the Company, in accordance with the recommendation of the Remuneration committee, subject to the approval of shareholders. Members are requested to refer to the 'Notice of Twenty Second Annual General Meeting' of the company for more details on the proposal.

V. SHAREHOLDERS' COMMITTEE

Brief description & the terms of reference:

Attend and resolve investors' grievances / complaints pertaining to transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend, etc.

Composition:

Mr. Thati Venkataswamy Chowdary - Chairman

Mr. Meka Yugandhar - Member

Mr. Rahul Jain - Member

Meetings:

During the financial year under report, committee met for once, i.e on 23rd April 2012.

Compliance Officer

Mr. Chinmoy Patnaik, Deputy General Manager & Company Secretary was the Compliance Officer of the Company till 7th June, 2013. Mr. Paruchuru Vinay has been appointed as the Company secretary & Compliance Officer of the company effective from 18th July 2013. His address and contact details are given below:

Address : 105, First Floor, Surya Towers, S. P. Road, Secunderabad.

Phone : 040 -2789 7722 / 2789 6361

Fax : 040-2784 2121

E-mail : companysecretary@pokarna.com

Status of Investors complaints:

During the year company has received ten (10) requests and zero (0) complaints from the share holders which have been addressed or resolved respectively

As on 31st March, 2013 there were no complaints outstanding.

VI. GENERAL BODY MEETINGS

A detail on the preceding three Annual General Meetings of the company is provided below:

Financial Year	Date	No. of Special Resolutions passed in the AGM
2009 – 2010	21 st September, 2010	NIL
2010 – 2011	12 th September, 2011	Two
2011 – 2012	15 th September, 2012	NIL

No special resolution was passed in the preceding year through postal ballot.

VII. DISCLOSURES

1. Material transactions entered into with related parties have already been disclosed under Note 2.27 annexed to standalone financials. No transaction of material has been entered into by the company with the Directors/ management and their relatives etc. that have potential conflict with the interest of the Company.
2. No penalties have been imposed and strictures passed on the company by the stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
3. The company does not have a Whistle Blower Policy in place but affirms that during the year 2012-13 no personnel has been denied access to the Audit committee.
4. All the mandatory requirements stipulated in the Corporate Governance Code have been complied with during the year under report.

VIII. MEANS OF COMMUNICATION

Quarterly reports

The quarterly, annual results and other statutory reports of the company are communicated by disseminating the same to Bombay Stock Exchange. The Company also publishes its financial results, normally, in Financial Express (Mumbai and Hyderabad editions) and Andhra Prabha (Hyderabad editions). In terms of clause 54 of the listing agreement, the company maintains functional website, namely, www.pokarnagroup.com, containing basic information about the company like details of the business, financial information, shareholding pattern, compliance with Corporate Governance etc. and the same are kept updated at any point in time.

IX. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting – 2013

Date : 17th September 2013.

Time : 10.30 A.M.

Venue : Hotel Vivanta, by Taj, Opp. Hyderabad Public School, Begumpet, Hyderabad.

Calendar for financial results for 2013 – 2014 (tentative & subject to change)

Unaudited/ audited financial results for the quarter ending	Date
June 30, 2013	14 th August 2013
September 30, 2013	14 th November, 2013
December 31, 2013	14 th February, 2014
March 31, 2014	30 th May, 2014 (Audited results)

Dates of Book Closure

13th September, 2013 to 17th September, 2013 (Both days inclusive)

Details of Indian Stock Exchange where the shares of company are listed:

Name of the Stock Exchange	Address	Code
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001	532486

Risk Management

Business risk evaluation and management is an ongoing process within the company. The risks are identified and are discussed by the representatives from various functions. The Board and the Audit Committee provide oversight and review the risk management periodically.

Stock Market Data:

The monthly high and low quotations and volume of shares traded on BSE during the year were as follows:

20102 - 2013	BSE	
Month	High	Low
April	116.00	96.60
May	98.00	80.00
June	86.00	76.10
July	86.00	76.80
August	83.40	76.20
September	84.00	74.00
October	86.80	72.00
November	80.85	67.00
December	83.90	76.10
January	89.00	73.80
February	84.20	75.15
March	82.40	71.50

Share Transfer System

Share transfers are processed and the shares certificates are returned to the shareholders within fifteen days, subject to the documents are in order.

Shareholding pattern as on 31st March, 2013:

Sl. No.	Category of Shareholder	No of Shareholders	Total number of Shares
(A)	PROMOTER AND PROMOTER GROUP		
(1)	INDIAN		
(a)	Individual /HUF	20	3513777
(b)	Central Government/State Government(s)	-	-
(c)	Bodies Corporate	-	-
(d)	Financial Institutions / Banks	-	-
(e)	Others	-	-
	Sub-Total A(1) :	20	3513777
(2)	FOREIGN		
(a)	Individuals (NRIs/Foreign Individuals)	-	-
(b)	Bodies Corporate	-	-
(c)	Institutions	-	-
(d)	Others	-	-
	Sub-Total A(2) :	-	-
	Total A=A(1)+A(2)	20	3513777

Sl. No.	Category of Shareholder	No of Shareholders	Total number of Shares
(B)	PUBLIC SHAREHOLDING		
(1)	INSTITUTIONS		
(a)	Mutual Funds /UTI	-	-
(b)	Financial Institutions /Banks	-	-
(c)	Central Government / State Government(s)	-	-
(d)	Venture Capital Funds	-	-
(e)	Insurance Companies	-	-
(f)	Foreign Institutional Investors	-	-
(g)	Foreign Venture Capital Investors	-	-
(h)	Others	-	-
	Sub-Total B(1) :	-	-
(2)	NON-INSTITUTIONS		
(a)	Bodies Corporate	67	405915
(b)	Individuals		
	(i) Individuals holding nominal share capital upto ₹.1 lakh	1688	785533
	(ii) Individuals holding nominal share capital in excess of ₹.1 lakh	28	1485624
(c)	Others		
	Non resident Indians	13	8358
	Clearing members	2	1593
	Sub-Total B(2)	1798	2687023
	Total B=B(1)+B(2)	1798	2687023
	Total (A+B)	1818	6200800
(C)	Shares held by custodians, against which		
	Depository Receipts have been issued	-	-
	GRAND TOTAL (A+B+C) :	1818	6200800

Distribution of Shareholding as on 31st March, 2013:

Distribution Schedule As On 31st March, 2013					
Sl. No	Category	No. of Holders	%	Value of Shares	%
1	000001- 005000	1452	79.65	1737840.00	2.80
2	005001- 010000	118	6.47	976370.00	1.57
3	010001- 020000	104	5.70	1701200.00	2.74
4	020001- 030000	25	1.37	648190.00	1.05
5	030001- 040000	28	1.54	1055300.00	1.70
6	040001- 050000	9	0.49	419860.00	0.68
7	050001- 100000	27	1.48	1894960.00	3.06
8	100001 & Above	60	3.29	53574280.00	86.40
	Total:	1818	100.00	62008000.00	100.00

Dematerialization of shares and Liquidity

The shares of the company are compulsorily traded in dematerialized form and are available for dematerialization under both the Depository Systems in India- NSDL and CDSL. As on 31st March, 2013, a total of 60,43,854 equity shares of the Company, which constitutes 97.47% of the share capital of the company, are dematerialized.

Reconciliation of Share Capital Audit Report:

As stipulated by SEBI, a qualified Practicing Company Secretary carried out Reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock exchange where the shares of the Company are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

For share related services like transfer of physical shares / change of address / annual report etc:

For share related services / transfer of physical shares / change of address of members:	For queries relating to dividends, Annual Reports etc:
Registrar & Share Transfer Agents Mr. V K Jayaraman /Mrs. Varalakshmi Karvy Computershare Private Limited Plot No.17 to 24,Vittalrao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh. Ph: +91 40 2342 0815-824 (10 lines) Fax:+91 40 2342 0814 E-mail: einward.ris@karvy.com Website: www.karvy.com:	Company Secretary & Compliance Officer Mr. Paruchuru Vinay Pokarna Limited, 105, 1st Floor, Surya Towers, Sardar Patel Road, Secunderabad - 500 003, Andhra Pradesh. Ph: +91 40 2789 6361, 27840 4101 Fax:+91 40 2784 2121 Email-id for investor grievances: companysecretary@pokarna.com Website:www.pokarnagroup.com

a) Quarrying Operations

Bommala Ramaram - Brown

Survey No: 36/1, Extent - 3.34 Hect, Village - Malyala, Mandal - Bommala Ramaram, District - Nalgonda.

Ballikururava - Silver Pearl

Survey No. 103(P), 103(P), 847/1, 203, 204/1, 2, 207/1 to 7, 208/4, 208/5, 209/3 to 7, 371/P, 372/1, 2, 3.
Extent - 10.00 Acre, 4.271 Hect, 12.877 Hect. Mandal - Ballikururava, District - Prakasam.

Chimakurthy - Black Galaxy

Survey No. (12/1 P etc) (14/ac etc) (16/4p) (26/4, 26/a, 27/1 to 5 etc) (26 and 27) Extent - (14.07 Acres) (10.03 Acres) (1.471 Hect) (5.676 Hect) (0.619 Hect) Village - R.L. Puram, Survey No: (980/2) (980/3 & 5) (988/1),
Extent - (0.96 Acres) (1.94 Acres) (1.63 Acres), Village - Chimakurthy, Mandal - Chimakurthy, District - Prakasam.

Chelluru - Dragan Red

Survey No. (728), Extent - (5.00 Hect) (4.00 Hect),
Village - Challoor, Mandal - Veenavanka, District - Karimnagar.

Kamanpur - T. Brown

Survey No. (116/1) (97 & 111), Extent - (13.787 Hect) (4.500 Hect), Village - Kamanpur,
Odayaram, Mandal - Karimnagar, Gangadhara, District - Karimnagar.

Madikonda - Sapphire Brown

Survey No. 906, Extent - 1.984 Hect, Village - Madikonda, Mandal - Hanamakonda, District - Warangal.

Ponduru - P. Green

Survey No. 284, Extent - 1.930 Hect, Village - Rapaka, Mandal - Ponduru, District - Srikakulam.

Puttur - Silver Waves

Survey No. 6, Extent - 6.00 Hect, Village - Eswarapuram, Mandal - Puttur, District - Chittoor.

Singupuram - Flash Blue

Survey No. (270) (270), Extent - (1.60 Hect) (1.86 Hect), Village - Singupuram,
Mandal - Srikakulam, District - Srikakulam.

Tekkali - Vizag Blue

Survey No. (53) (53), Extent - (5.0 Hect) (2.0 Hect), Village - Tekkali, Mandal - Tekkali, District - Srikakulam.
Survey No. 208/4, 5, 209/3 to 7, 371/P, 372/1, 2, 3, Extent - Village - Ballikurava, Mandal - District.

Togara - C. Brown

Survey No. (221) (552), Extent - (3.00 Hect) (4.0 Hect) Village - (Kanukula) (Togara), Mandal - Sultanabad,
District - Karimnagar.

b) Manufacturing Plants**Granite Processing Plant**

1. Survey No. 123, Toopranpet Village,
Choutuppal Mandal, Nalgonda District,
Andhra Pradesh.

2. Survey No. 563,568 & 574, Aliabad Village,
Shameerpet Mandal, R. R. Dist,
Andhra Pradesh.

Apparel Manufacturing Plant

Survey No.33, 39, 50, 51, 55, 68 & 69,
Apparels Export Park, Gundlapchampally Village,
Medchal Mandal, R. R. Dist, Andhra Pradesh.

Engineered Quartz Surfaces Plant

*Pokarna Engineered Stone Limited
Plot No. 45, APSEZ, Achutapuram & Rambili Mandals,
Visakapatnam District, Andhra Pradesh,
*Wholly owned Subsidiary of the company.

I. NON MANDATORY REQUIREMENTS

The company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to corporate governance. The status of compliance with non-mandatory requirements is as under:

Chairman

The company has an Executive Chairman and hence the requirement pertaining to reimbursement of expenses to a Non Executive Chairman does not arise.

Remuneration Committee

The Board has setup a Remuneration committee pursuant to Clause 49 of the Listing Agreement. The broad terms of reference of the Committee are to appraise the performance of Managing/ Executive Directors, determine and recommend to the Board, compensation payable to Managing/ Executive Directors.

Shareholders Rights

The company publishes its results on its website at www.pokarnagroup.com and this information is also available on the website of the Bombay Stock Limited where the shares are listed. A half yearly declaration of financial performance including summary of significant events in the last six-months has not been sent to each household of shareholders, as the quarterly results are published in widely circulated English newspaper and Regional newspaper. The complete Annual Report is sent to every shareholder of the Company.

Audit Qualification

The Company continues to adopt best practices to endeavor the regime of unqualified financial statements. There is no qualification from the statutory auditors of the company for the financial year 2012-13.

Training of Board Members

In order to fulfill the Governance ordained role, comprehension information is provided and presentations are made on working of various businesses of the company. Directors are briefed about all the business related matters, risk, new business initiatives proposed by the company. Directors are also briefed on changes/developments in the domestic / global corporate and industry scenario including those pertaining to statutes/legislations and economic environment. The necessary training will be provided to the Board members as and when required.

Mechanism for evaluation of Non Executive Directors

The role of the Board of directors is to provide direction and exercise control to ensure that the company is managed in a manner that fulfills the aspirations of the stakeholders. The Board does not feel the necessity of evaluating the performance of its Non-Executive Board members.

Whistle Blower Policy

Although the company does not provide for specific whistle blower policy, the company encourages open door policy where employees have access to all the Heads of the Business/Functions. Employees are free to report existing/probable violations of laws, rules, regulations or unethical conduct to Heads of the Business/Function.

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF THE
CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF
THE LISTING AGREEMENT**



To

The Members' of Pokarna Limited.

We have examined the compliance of conditions of corporate governance by **Pokarna Limited** ("the Company"), for the year ended on **31st March, 2013** as stipulated in clause 49 of the Listing Agreement entered by the Company with Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

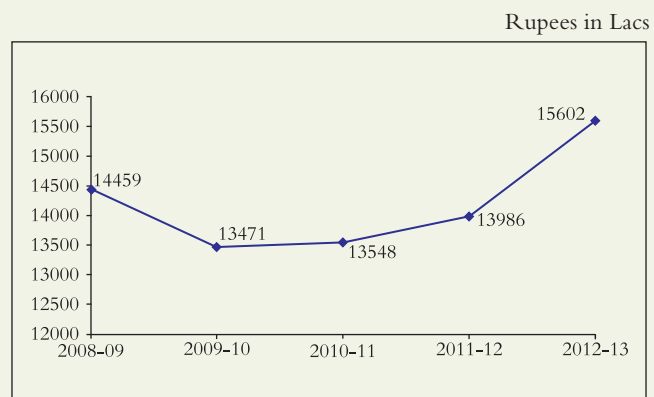
For S. Daga & Co.
Chartered Accountants
(ENo. 000669S)

Place : Hyderabad
Date : 14.08.2013

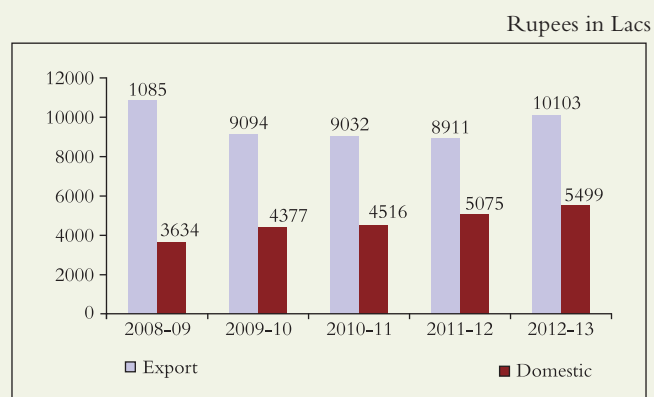
Shantilal Daga
Partner
Membership No. 11617

YOUR COMPANY'S GROWTH

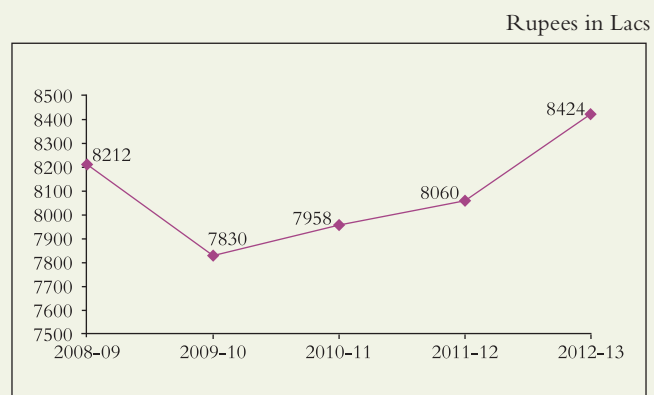
Turnover



Sales - Export vs Domestic

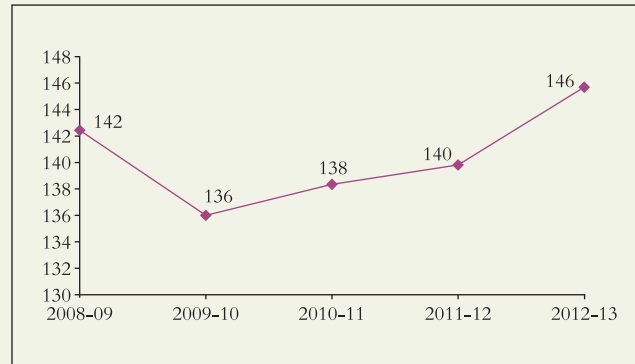


Reserves & Surplus

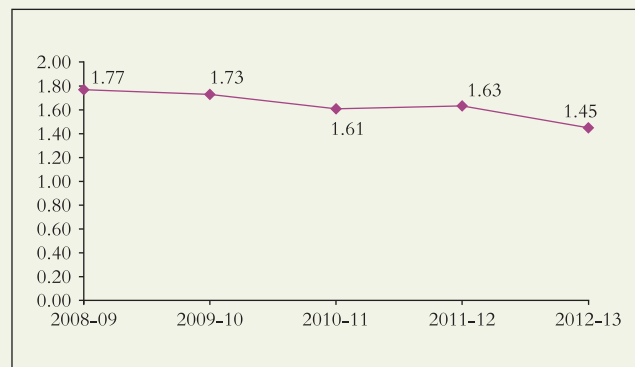


Book Value

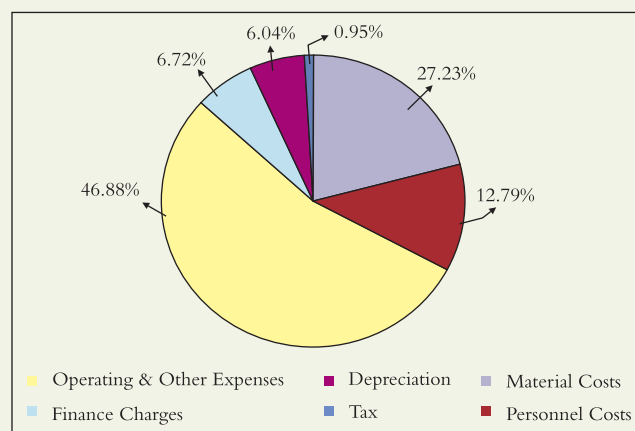
In Rupees



Debt / Share Holders Fund



Distribution of Revenue



INDEPENDENT AUDITORS' REPORT

To
The Members,
Pokarna Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of **POKARNA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

POKARNA LIMITED



- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.DAGA & CO.,
Chartered Accountants,
(F.No.000669S)

(SHANTILAL DAGA)
M.No.11617
Partner

Place: Hyderabad
Date: 22.05.2013

POKARNA LIMITED

ANNEXURE TO THE AUDITORS' REPORT

(Annexure referred to in Point 1 of Other Legal and Regulatory Requirements of the Report of the Auditors)

1. (a) The company has maintained generally proper records to show full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, in a phased verification programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. According to the information and explanations given to us, discrepancies noticed on physical verification have been properly dealt with in the books of account;
(c) In our opinion, and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the company during the year.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) The company had not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) In view of our comment in paragraph 3(a) above, reporting under clause 4(iii) (b), (c) & (d) of the aforesaid order are not applicable to the Company.
(c) During the period, the company had taken unsecured loans from 5 parties (Previous year 5 parties) covered in the register maintained under section 301 of the companies Act, 1956 and the maximum amount involved during the period was ₹.2774.53 Lacs (Pr. Year ₹.2332.55 Lacs) and the period end balance is ₹.2614.68 Lacs (Pr. Year ₹.2332.55 Lacs).
(d) In our opinion the rate of interest and other terms and conditions on which loans have been taken from the companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Section 58A, 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules made there under.

POKARNA LIMITED

7. In our opinion, the company has internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income-tax, wealth tax, service tax, sales-tax, customs duty, investor education and protection fund and any other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following are the details of disputed statutory dues as at the year end :

Sl. No.	Name of the Statute	Nature of Dues	Amount (₹. In Lacs)	Period to which the amount relates	Forum where the dispute is pending	Amount Deposited (₹ In Lacs)
1	C.S.T.	C.S.T	61.50	2008-09 & 2009-10	Commercial Tax Officer	-
2	Finance Act, 1994	Service Tax	73.66	2007-12	Commissioner of Central Excise & Service Tax	-
3	Central Excise Act, 1944	Excise Duty	158.01	2001-12	Commissioner of Central Excise & Service Tax	5.71
4	Customs Act, 1962	Customs Duty	79.66	2003-11	Commissioner (Appeals)	40.84
5	Income Tax Act, 1961	Income Tax	27.76	2001-02, 2002-03, 2005-06 & 2006-07	Commissioner of Income Tax	12.47
Total			400.59			59.02

10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. The company has delayed in making repayment of dues to bank for a short period of 2-3 months during the year. The balance due to the bank at the close of the year towards principal of ₹.37.43 Lacs and interest of ₹.10.01 Lacs has since been paid by the company as on the date of reporting. Further 8,300 (previous year 12,000) Zero coupon Foreign Currency Convertible Bonds (FCCB), face value of USD 1000 each ₹.4514.31 Lacs (previous year 6138.78 Lacs) which were matured on 29th March 2012, has remained unpaid/unredeemed and are in process of final negotiation with Bond holders as on date of Balance Sheet.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the order is not applicable.
13. The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the order is not applicable.

POKARNA LIMITED

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14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the order is not applicable.
15. According to the information and explanations to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the order is not applicable.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, clause 4(xviii) of the order is not applicable.
19. The company has not issued any debentures. Accordingly, clause 4(xix) of the order is not applicable.
20. The company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the order is not applicable.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For S.DAGA & CO.,
Chartered Accountants,
(F.No.000669S)

(SHANTILAL DAGA)
M.No.11617
Partner

Place: Hyderabad
Date: 22.05.2013

Participation at Coverings Show 2013, Atlanta, USA.





POKARNA LIMITED

BALANCE SHEET

Rupees in Lacs

	Notes	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	620.08	620.08
Reserves & Surplus	2.2	8424.15	8059.64
		9044.23	8679.72
Non-Current Liabilities			
Long-term Borrowings	2.3	3203.38	2794.05
Deferred Tax Liabilities	2.4	517.16	569.66
Other Long-term Liabilities	2.5	468.03	383.25
Long-term Provisions	2.7	59.46	45.88
		4248.03	3792.84
Current Liabilities			
Short-term Borrowings	2.3	3353.77	3473.21
Trade Payables	2.6	1130.68	1399.24
Other Current Liabilities	2.5	6992.14	8345.67
Short-term Provisions	2.7	1502.48	1729.81
		12979.07	14947.93
Total		26271.33	27420.49
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	2.8	9020.53	8786.96
Intangible Assets	2.8	76.56	114.84
Capital Work-In-Progress		122.34	273.57
Non-current Investments	2.9	6115.88	6115.88
Long-term Loans and Advances	2.10	3614.11	4059.83
Other Non-current Assets	2.11	1.48	86.49
		18950.90	19437.57
Current Assets			
Inventories	2.12	3362.10	3808.63
Trade Receivables	2.13	2518.90	2989.57
Cash and Bank Balances	2.14	700.80	619.18
Short-term Loans and Advances	2.10	718.28	519.83
Other Current Assets	2.11	20.35	45.71
		7320.43	7982.92
Total		26271.33	27420.49
Significant Accounting Policies	1		
Notes on Financial Statements	2		

The accompanying notes are an integral part of financial statements

As per our report attached

For and on behalf of Board of Directors

For **S. Daga & Co.**
Chartered Accountants
(F.No. 000669S)

Shantilal Daga
Partner
Membership No. 11617

Place : Secunderabad
Date : 22.05.2013

Gautam Chand Jain	Chairman & Managing Director
Meka Yugandhar	Director
Vinayak Rao Juvvadi	Director
Thati V. Chowdary	Director
Mahender Chand Chordia	Director
Prakash Chand Jain	Director
Rahul Jain	Executive Director
M Vishwanatha Reddy	Chief Financial Officer
Sanjay Daga	G. M. – Accounts
Chinmoy Patnaik	Company Secretary

POKARNA LIMITED

STATEMENT OF PROFIT & LOSS

Rupees in Lacs

	Notes	For The Year Ended 31.03.2013	For The Year Ended 31.03.2012
INCOME			
Revenue from Operations (gross)	2.15	15866.97	14319.57
Less :Excise Duty		264.62	333.95
Revenue from Operations (net)		15602.35	13985.62
Other Income	2.16	420.52	308.50
Total		16022.87	14294.12
EXPENSES			
Cost of Raw Material and Components consumed	2.17	2793.41	3768.52
Purchase of Traded Goods	2.18	188.35	331.68
(Increase) / Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	2.19	298.90	(235.22)
Employee Benefits Expense	2.20	1857.09	1815.42
Other Expenses	2.21	8455.05	6653.26
Total		13592.80	12333.66
Earnings Before Interest, Tax, Depreciation		2430.07	1960.46
Depreciation	2.22	905.70	856.68
Finance Costs	2.23	1010.49	953.84
Profit Before Tax		513.88	149.94
Tax Expenses			
Current Tax		204.68	50.58
Deferred Tax		(52.50)	(6.79)
Prior year tax		(2.81)	4.95
Total Tax Expenses		149.37	48.74
Profit After Tax		364.51	101.20
Earnings Per Share - Basic (in ₹.)		5.88	1.63
Earnings Per Share - Diluted (in ₹.)		5.88	1.63
(Par value of ₹.10/- each)			
Significant Accounting Policies	1		
Notes on Financial Statements	2		
The accompanying notes are an integral part of financial statements			

As per our report attached

For and on behalf of Board of Directors

For **S. Daga & Co.**
Chartered Accountants
(F.No. 000669S)

Shantilal Daga
Partner
Membership No. 11617

Place : Secunderabad
Date : 22.05.2013

Gautam Chand Jain	Chairman & Managing Director
Meka Yugandhar	Director
Vinayak Rao Juvvadi	Director
Thati V. Chowdary	Director
Mahender Chand Chordia	Director
Prakash Chand Jain	Director
Rahul Jain	Executive Director
M Vishwanatha Reddy	Chief Financial Officer
Sanjay Daga	G. M. – Accounts
Chinmoy Patnaik	Company Secretary

POKARNA LIMITED

CASH FLOW STATEMENT

Rupees in Lacs

	For The Year Ended 31.03.2013	For The Year Ended 31.03.2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	513.88	149.94
Adjustments:		
Depreciation and amortization expense	905.70	856.68
Loss/(profit) on sale of fixed assets	(38.10)	30.87
Unrealized foreign exchange (gain) / loss, net	(41.38)	(67.54)
Provision for Doubtful Debts	(42.86)	49.81
Interest expense	1010.49	953.84
Interest income	(37.23)	(35.99)
Operating profit before working capital changes	2270.50	1937.61
Changes in working capital and other provisions:		
Trade receivables	523.62	(81.94)
Inventories	446.53	148.69
Loans and advances and other assets	(322.50)	(584.45)
Other Liabilities and provisions	(1415.46)	384.94
Cash generated from operations	1502.69	1804.85
Income taxes paid, net	(55.17)	(3.59)
Net cash flow generated by operating activities	1447.52	1801.26
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and changes in capital work in progress	(989.10)	(140.56)
Proceeds from sale of fixed assets	77.44	17.39
Long term loans and advances given to subsidiaries	(89.78)	(74.14)
Interest income	37.23	35.99
Net cash used in investing activities	(964.21)	(161.32)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank Borrowings	(892.13)	(1302.45)
Other Borrowings	1392.10	848.11
Interest expense	(1010.49)	(953.84)
Net cash generated in financing activities	(510.52)	(1408.18)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(27.21)	231.76
Add: Cash and Cash equivalents at the beginning of the year	399.57	155.95
Effect of exchange gain on cash and cash equivalents	19.58	11.86
Cash and cash equivalents at the end of the year	391.94	399.57

Significant Accounting Policies

1

Notes on Financial Statements

2

The accompanying notes are an integral part of financial statements

As per our report attached

For and on behalf of Board of Directors

For **S. Daga & Co.**

Chartered Accountants

(F.No. 000669S)

Shantilal Daga

Partner

Membership No. 11617

Place : Secunderabad

Date : 22.05.2013

Gautam Chand Jain

Meka Yugandhar

Vinayak Rao Juvvadi

Thati V. Chowdary

Mahender Chand Chordia

Prakash Chand Jain

Rahul Jain

M Vishwanatha Reddy

Sanjay Daga

Chinmoy Patnaik

Chairman & Managing Director

Director

Director

Director

Director

Director

Executive Director

Chief Financial Officer

G. M. – Accounts

Company Secretary

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

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1. Significant Accounting Policies

A Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention on accrual basis to comply in all material aspects and in accordance with generally accepted accounting principles (GAAP) in India and the relevant provisions of the Companies Act 1956.

B Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

C Revenue Recognition

- (i) Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership are transferred to the customers.
- (ii) Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.
- (iii) Revenue from services is recognized as per the terms of the contracts with the customers when the services are performed.
- (iv) Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (v) Dividend income is recognized when the company's right to receive dividend is established.
- (vi) Export entitlements under the duty remission scheme are recognized as income when the right to receive the credit as per the terms of the scheme is established in respect of the exports made.

D Recognition of Expenditure

Expenses are accounted for on an accrual basis and provision is made for all known losses and liabilities.

E Fixed Assets

- (i) Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any.
- (ii) The cost of Fixed Asset comprises its purchase price, including non-refundable taxes & duties and directly attributable cost of bringing the asset (including leasehold improvements) to its working condition for its intended use.
- (iii) All costs, including borrowing costs till commencement of commercial production, attributable to fixed assets are capitalized.

F Intangible Assets

Intangible assets are stated at cost less accumulated amortization. Intangible assets are amortized on a straight line basis over their estimated useful life of 10 years

G Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

.....●.....

H Capital Work-in-Progress

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

I Depreciation

Depreciation on fixed assets is provided on straight line method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 and in respect of Earth Moving and Quarrying Equipment @20% p.a based on estimated useful life.

Capital expenditure and improvements on lease hold property is amortized over the lease period or useful life of the asset, whichever is less.

J Investments

Current investments are carried at lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

K Inventories

Inventories are valued at the lower of cost and net realizable value. Obsolete, slow moving and defective inventories are identified at the time of physical verification and necessary provision is made for such inventories. The cost is determined using the first-in-first out method for all categories of inventories. Cost includes in case of Raw materials, Stores & spares and consumables the purchase price and attributable direct cost less discounts. In case of work-in-process and finished goods cost includes direct labour, material costs and production overheads.

L Employee Benefits

Short-term employee benefits are recognized as an expense in the statement of profit and loss of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognized as an expense in the statement profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the statement of profit and loss.

M Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of transaction.
- (ii) Monetary assets & liabilities denominated in foreign currencies are restated at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted during the year.
- (iii) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.
- (iv) In respect of Forward Exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognized as income or expense along with the exchange differences on the underlying assets / liabilities. Further, in case of other contracts with committed exchange rates, the underlying is accounted at the rate so committed. Profit or loss on cancellations / renewals of forward contracts is recognized during the year. In case of option contracts, the losses are accounted on mark to market basis.

N Leases

Operating lease payments are recognized as expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

O Borrowing Cost

Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing costs are charged to statement of Profit & Loss.

P Provisions, Contingent Liabilities and Contingent Assets

- (i) The company recognizes as Provisions, the liabilities being present obligations arising from past events, the settlement of which is expected to result in an outflow of resources and which can be measured only by using a substantial degree of estimation.
- (ii) Contingent Liabilities are disclosed by way of a note to the financial statements after careful evaluation by the management of the facts and legal aspects of the matters involved.
- (iii) Contingent Assets are neither recognized nor disclosed.

Q Accounting for Taxes on Income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

2. Notes to Financial Statements for the year ended 31 March, 2013

Rupees In Lacs

31.03.2013 31.03.2012

2.1 Share Capital

Authorized:

2,00,00,000 (2,00,00,000) Equity Shares

of ₹.10/- each

2000.00 2000.00

Issued, Subscribed and Paid-up:

62,00,800 (62,00,800) Equity Shares

of ₹.10/- each fully paid-up

620.08 620.08

Total

620.08 620.08

2.1.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	No. of Shares	No. of shares
At the beginning of the period	6200800	6200800
Issued during the period	-	-
Outstanding at the end of the period	6200800	6200800

2.1.2 Terms / rights attached to equity shares:

The company has only one class of equity shares having a par value of ₹.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2013 the amount of per share dividend recognised as distribution to equity shareholders was ₹.-Nil-

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

2.1.3 Details of shareholders holding more than 5% shares in the company

	31.03.2013		31.03.2012	
	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹.10/- each fully paid				
Gautam Chand Jain	500000	8.06	500000	8.06
Prakash Chand Jain	500000	8.06	500000	8.06
Ashok Chand Jain	500000	8.06	500000	8.06
Raaj Kumar Jain	510150	8.23	510150	8.23
Dilip Kumar Jain	500000	8.06	500000	8.06

2.2 Reserves and Surplus

	31.03.2013		31.03.2012	
Capital Subsidy		15.00		15.00
Share Premium		73.96		73.96
General Reserve				
Balance at the Beginning of the Year	943.76		943.76	
Add: Transfer from Profit & Loss A/c	-	943.76	-	943.76
FCCB Redemption Reserve				
Opening Balance	6138.78		4295.21	
Add: Transferred from Profit & Loss A/c	-		1843.57	
Less: Transferred to Profit & Loss A/c on redemption	1624.47	4514.31	-	6138.78
Profit & Loss Account				
Opening Balance	888.14		2630.51	
Add: Profit for the year	364.51		101.20	
	1252.65		2731.71	
Less: Transferred to FCCB Redemption reserve	-		1843.57	
Add: Trd. from FCCB Redemption reserve on redemption	1624.47	2877.12	-	888.14
Total		8424.15		8059.64

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

2.3 Borrowings

A. Long-term Borrowings

	Non-current portion		Current maturities	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Secured				
Term Loans				
Indian Rupee Loans from Banks	390.57	761.30	437.51	1358.49
External Commercial Borrowing from Banks	128.36	-	839.15	-
Hire Purchase Loans				
Banks	65.73	14.61	48.82	15.07
Others	412.07	6.14	284.71	32.79
Unsecured				
Loans & Advances from Related Parties				
Loans from Directors	832.15	677.00	-	-
Inter Corporate Deposits	1374.50	1335.00	-	-
	3203.38	2794.05	1610.19	1406.35
Amount disclosed under the head "Other Current Liabilities" (Note.2.5(B))			(1610.19)	(1406.35)
Total	3203.38	2794.05	-	-

B. Short-term Borrowings

Secured				
From Banks				
- Working Capital Loan			2062.58	2721.62
Unsecured				
From Others - Inter Corporate Deposit			1291.19	751.59
Total			3353.77	3473.21

2.3.1 Term Loans & Working capital facilities from Union Bank of India, Hyderabad, are secured by hypothecation of first charge on all immovable and movable properties including machineries, current assets such as inventories, book debts and other receivables of the company, both present and future besides personal guarantee / security of the Directors (other than independent directors) and their relative.

2.3.2 External Commercial Borrowings from Union Bank of India, Hong Kong Branch are secured by way of extension of charge on fixed assets of the company. USD 2.16 million has been utilised out of total loan sanctioned of USD 10.80 million.

2.3.3 Maturity profile of Term Loans from banks are as set out below:

	2013-14	2014-15	2015-16
Rupee Term Loan			
15.25%	400.08	310.28	80.29
External Commercial Borrowings			
Six months Libor plus 350 bps	839.15	128.36	-

2.3.4 Current maturities of Term Loans include ₹.37.43 Lacs installments overdue as on the date of Balance Sheet has since been paid by the company.

2.3.5 Hire Purchase loans are secured by hypothecation of respective assets purchased out of finance, and personal guarantee of some of the Directors (other than independent directors).

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
2.4 Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation	525.08	591.48
	525.08	591.48
Deferred Tax Asset		
Others	-	-
Provision for Doubtful Debts	7.92	21.82
	7.92	21.82
Total	517.16	569.66
2.5 Other Liabilities		
A. Other Long-Term Liabilities		
Security Deposit	60.00	62.70
Interest accrued but not due on borrowings	408.03	320.55
Total	468.03	383.25
B. Other Current Liabilities		
Advance from Customers	142.87	67.89
Creditors for Capital Expenditure	99.00	85.09
Zero Coupon Foreign Currency Convertible Bonds (refer note 2.5.1)	4514.31	6138.78
Current Maturities of Long term Borrowings (refer note.2.3(A))	1610.19	1406.35
Interest accrued but not due on borrowings (refer note 2.5.2)	12.19	-
Interest accrued and due on borrowings	10.01	46.93
Statutory Liabilities	104.21	96.56
Unpaid Dividend	6.31	8.46
Other Liabilities	493.05	495.61
Total	6992.14	8345.67
2.5.1 Zero coupon Foreign Currency Convertible Bonds (12,000 Bonds of USD 1000 each), which were matured for payment on 29th March, 2012, the company has redeemed 3700 bonds during the year and the balance 8300 bonds are under negotiation for redemption with the Bond Holders as on date of Balance Sheet.		
2.5.2 Interest accrued and due on borrowings of ₹.10.01 Lacs has since been paid by the company.		
2.6 Trade Payables		
Trade Payables	1130.68	1399.24
Total	1130.68	1399.24

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
2.7 Provisions		
A. Long-term Provisions		
Provision for Employee Benefits		
Provision for Gratuity	40.31	31.59
Provision for Leave Benefit	19.15	14.29
Total	59.46	45.88
B. Short-term Provisions		
Provision for Gratuity	5.32	10.40
Provision for Leave Benefit	39.44	30.45
Provision for Premium on FCCB's (refer note 2.7.1 & 2.7.2)	1253.04	1638.38
Provision for Tax	204.68	50.58
Total	1502.48	1729.81

Particulars	Opening Balance	Restatement	Gain on redemption	Closing Balance
2.7.1 Provision for premium on FCCB's	1638.38	+ 119.83	- 505.17	1253.04

2.7.2 Provision has been created towards premium payable on redemption of FCCB's which were matured on 29.03.2012 as per the subsisting terms and conditions. During the year bonds have been redeemed to the extent of 3700 bonds as per the negotiated terms with the said bond holders. The gain / benefit, cost, charges including foreign exchange gain / loss at the close of the year are transferred to Pokarna Engineered Stone Limited (subsidiary) as per the Scheme of Arrangement sanctioned by Hon'ble Andhra Pradesh High Court and agreement thereto. The corresponding receivable arising thereof is disclosed under the head 'Loans and Advances to Subsidiary'. The company expects no further liability other than provided for in the books.

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Notes - 2.8

Fixed Assets

Description	Gross Block			Depreciation		Net Block	
	As on 01.04.2012	Additions	Deletions	As on 31.03.2013	Upto 31.03.2012 For the Period Adjustments	As on 31.03.2013	As on 31.03.2012
Tangible Assets:							
Land - Freehold*	479.91	11.94	5.55	486.30	-	486.30	479.91
Buildings	55.81	-	-	55.81	0.91	47.94	48.85
Factory & Quarry Buildings	2230.37	182.00	-	2412.37	74.38	1773.77	1666.15
Plant & Machinery	10820.28	774.12	385.87	11208.53	669.95	5859.63	5779.37
Vehicles	565.04	110.75	81.19	594.60	57.98	283.31	239.51
Furniture & Fixtures	744.91	39.44	1.13	783.22	53.97	492.15	507.59
Office Equipment	173.95	22.08	-	196.03	108.37	77.43	65.58
Total - (A)	15070.27	1140.33	473.74	15736.86	867.42	9020.53	8786.96
Intangible Assets:							
Trade Marks & Brand Names	382.80	-	-	382.80	38.28	76.56	114.84
Total - (B)	382.80	-	-	382.80	38.28	76.56	114.84
Total - (A + B)	15453.07	1140.33	473.74	16119.66	905.70	9097.09	8901.80
Previous Year	15507.22	48.90	103.05	15453.07	856.68	8901.80	9757.85

* Note 2.8.1- Land includes Acres 2.11 cents at R.L.Puram, Prakasam Dt., Andhra Pradesh which has been disputed by third parties pending disposal.

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
2.9 Non-Current Investments		
Trade - Unquoted		
Fully Paid Up Long Term - At Cost		
In Subsidiary Companies -		
1,00,000 Equity Shares of ₹.10/- each		
of Pokarna Engineered Stone Limited	10.00	10.00
6,10,58,764, Optionally Convertible		
Debentures of ₹. 10/- each		
of Pokarna Engineered Stone Limited	6105.88	6105.88
Total	6115.88	6115.88

2.9.1 Investments in Debentures

- a. The aforesaid Optionally Convertible Debentures were acquired for net consideration in terms of order of the Hon'ble High Court of Andhra Pradesh sanctioning Scheme of Arrangement between the Company and Pokarna Engineered Stone Limited of ₹.667.03 Lacs and for transfer of assets, liabilities and expenses for the period from 1st July, 2007 to 31st March, 2009 of ₹.5438.85 Lacs.
- b. Terms and Conditions: Debentures are for tenor of 7 years from the date of allotment, during this period the option to convert / redeem shall vest solely with the Company.
- c. Variable coupon / interest on debentures is computed as equivalent to all costs / expenditure incurred or income / gains / benefits earned including foreign exchange gain / loss associated with the FCCBs, which belong to and to be borne by Pokarna Engineered Stone Limited. Consequently, no interest is chargeable in respect of the OCD's after the date of redemption / conversion of the FCCBs.
- d. If OCDs are opted for redemption anytime before they are due for redemption, interest shall be payable in respect of the OCDs at the rate of 8% per annum. The coupon / interest on the OCDs shall accrue and be payable at the time of redemption of the OCDs.
- e. Conversion obligation: 15 (Fifteen) OCDs shall be convertible into 1 (One) equity share of ₹.10/- each of Pokarna Engineered Stone Limited.

2.10 Loans & Advances

A. Long-term Loans and Advances

Unsecured, considered good unless stated otherwise		
Capital Advances	165.54	75.95
Security Deposit	480.31	426.27
Advances recoverable in cash or kind	1324.30	1699.79
Loans and Advances to Subsidiary		
- Pokarna Engineered Stone Limited	1643.96	1857.82
Total	3614.11	4059.83

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
B. Short-term Loans and Advances		
Unsecured, considered good unless stated otherwise		
Advances recoverable in cash or kind	333.30	230.98
Cenvat Credit Receivable	6.76	9.16
Balances with Customs & Excise Authorities	60.71	57.18
Advance for Raw Material	191.77	123.25
Advance Income Tax	37.98	30.58
Prepaid Expenses	87.76	67.20
Loans to Employees	-	1.48
Total	718.28	519.83
2.11 Other Assets		
A. Other Non-current Assets		
Unsecured, considered good unless stated otherwise		
Non-current Bank Balances		
Deposits with maturity for more than 12 months		
Margin Money deposits	1.38	67.19
Interest accrued on fixed deposits	0.10	19.30
Total	1.48	86.49
B. Other Current Assets		
Unsecured, considered good unless stated otherwise		
Interest accrued on fixed deposits	20.35	45.71
Total	20.35	45.71
2.12 Inventories		
Raw Material (includes in transit ₹.21.05 Lacs (₹.191.19 Lacs))	559.23	834.00
Work-in-progress	94.23	322.12
Finished Goods	1983.72	2050.00
Traded Goods (includes in transit ₹.2.18 Lacs (₹.Nil))	146.83	151.56
Consumables, Stores & Spares (includes in transit ₹.3.70 Lacs (₹.Nil))	512.67	400.69
Packing Material	65.42	50.26
Total	3362.10	3808.63
2.13 Trade Receivables		
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	321.81	508.67
Doubtful	24.40	67.26
	346.21	575.93
Provision for doubtful receivables	24.40	67.26
	321.81	508.67
Other receivables		
Considered good	2197.09	2480.90
Total	2518.90	2989.57

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	31.03.2013	31.03.2012
2.13.1 Trade Receivables include:		
Debts due from company in which the company's directors are directors		
- Pokarna Fashions Limited	126.34	259.40

2.14 Cash and Bank Balances

	Non-current		Current	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Cash and Cash Equivalents				
Balances with Banks			361.38	338.96
Deposits - Margin Money				
with maturity less than 3 months			11.83	41.75
In unpaid Dividend Account			6.31	8.46
Cash in Hand			12.42	10.40
			391.94	399.57
Other Bank Balances				
Deposits - Margin Money				
with maturity for more than 3 months but less				
than 12 months			308.86	219.61
with maturity for more than 12 months	1.38	67.19		
Amount disclosed under the head “Other				
Non-current Assets” (Note.2.11(A))	(1.38)	(67.19)		
Total	-	-	700.80	619.18

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
2.15 Revenue from Operations		
Sale of Products		
Finished Goods	15483.95	13640.36
Traded Goods	313.54	544.18
	15797.49	14184.54
Sale of Services	29.51	90.61
Other Operating Income		
Scrap Sales	39.97	44.42
Revenue from Operations (Gross)	15866.97	14319.57
Details of Products Sold		
Finished Goods Sold		
Finished Granite	9687.05	8804.72
Raw Granite	4435.39	2259.21
Apparel	1361.51	2576.43
	15483.95	13640.36
Traded Goods Sold		
Finished Granite	97.70	15.11
Raw Granite	4.04	9.54
Apparel	67.18	139.90
Fabric	144.62	379.63
	313.54	544.18
Total	15797.49	14184.54
Details of Services Rendered		
Mining Services	-	10.75
Job work Charges	29.51	79.86
Total	29.51	90.61
2.16 Other Income		
Interest income on		
Bank Deposits	28.02	28.15
Others	9.21	7.84
Commission Income	0.25	1.58
Foreign Exchange Gain	241.82	249.03
Miscellaneous Income	38.67	-
Profit on sale of assets	52.75	-
Hire Charges Received	49.80	21.90
Gain / Benefits on redemption of FCCB's	711.21	
Deduct: Reimbursed	711.21	-
Total	420.52	308.50

2.16.1 Gain / Benefit on redemption of FCCB's:

Gain / benefit on part redemption of 3700 FCCB's has arisen due to redemption at discounted price and the same has been reimbursed to Pokarna Engineered Stone Limited as per the Scheme of Arrangement and agreement thereto.

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
2.17 Cost of Raw Material and Components consumed		
Opening Stock	890.71	1218.93
Add: Purchases	2511.48	3440.30
	3402.19	4659.23
Less: Closing Stock	608.78	890.71
Total	2793.41	3768.52
Details of Raw Material and Components consumed		
Raw Granite	2336.02	2573.24
Fabric	425.16	1105.25
Consumables	32.23	90.03
Total	2793.41	3768.52
Details of Inventory		
Raw Granite	385.50	399.50
Fabric	173.73	434.50
Consumables	49.55	56.71
Total	608.78	890.71
2.18 Details of Purchase of Traded Goods		
Finished Granite	57.09	12.20
Raw Granite	3.78	7.82
Apparel	51.32	79.04
Fabric	76.16	232.62
Total	188.35	331.68
2.19 (Increase) / Decrease in Inventories		
Opening Stock		
Finished Goods	1935.65	1653.36
Work-in-Process	322.12	347.44
Raw Granite	114.35	143.19
Traded Goods	151.56	144.47
	2523.68	2288.46
Less: Closing Stock		
Finished Goods	1781.02	1935.65
Work-in-Process	94.23	322.12
Raw Granite	202.70	114.35
Traded Goods	146.83	151.56
	2224.78	2523.68
Total	298.90	(235.22)

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
Details of Inventory		
Traded Goods		
Finished Granite	-	-
Raw Granite	2.18	-
Apparel	74.05	70.60
Fabric	70.60	80.96
Total	146.83	151.56
Work-In-Progress		
Finished Granite	75.73	188.50
Apparel	18.50	133.62
Total	94.23	322.12
Finished Goods		
Finished Granite	1108.85	1181.94
Raw Granite	202.70	114.35
Apparel	672.17	753.71
Total	1983.72	2050.00
2.20 Employee Benefit Expenses		
Salaries, Wages, Bonus & Allowances	1548.55	1496.54
Contribution to Provident Fund and Other Fund	111.74	109.69
Retirement Benefits	63.85	61.49
Staff Welfare Expenses	132.95	147.70
Total	1857.09	1815.42
2.21 Other Expenses		
Consumption of Stores & Spares	1948.79	1670.28
Other processing & Job work exp.	268.44	174.93
Power and Fuel	1738.01	1366.29
Repairs and Maintenance:-		
- Plant and Machinery	79.05	77.07
- Building	17.26	6.39
- Others	15.82	21.23
Cutter and Driller Charges	446.81	282.79
Royalty on Quarry Land	33.98	23.37
Rent	418.25	395.85
Rates and Taxes	21.74	31.47
Insurance	91.35	72.75
Communication Charges	35.46	34.81
Printing & Stationery	19.31	18.94
Travelling & Conveyance Expenses	183.92	151.61
Electricity Charges	56.34	48.72

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
Vehicle Maintenance	79.84	72.62
Auditors Remuneration	6.22	6.37
Advertisement	2.64	2.61
Legal and Professional Charges	106.60	36.75
Directors Sitting Fees	3.25	1.06
Donations	12.98	2.72
Fees & Subscriptions	7.30	11.36
Government Royalty and Dead Rent	774.85	479.97
Carriage Outwards	1029.36	767.05
Sales Commission	73.81	40.00
Discounts and Claims	216.29	104.32
Business Promotion Expenses	255.66	213.59
Packing Material	250.61	275.77
Bad Debts Written off	108.57	-
Less: Provision for Doubtful Debts	(42.86)	49.81
Excise Duty-Others	(27.24)	(6.76)
Sales Tax	124.84	97.01
Bank Charges	47.27	55.27
Impairment / Loss on sale of assets	14.65	30.87
Miscellaneous Expenses	35.88	36.37
Total	8455.05	6653.26

2.21.1 Central Excise Duty

Central excise duty expenses, as disclosed in other expenses, includes

Difference between excise duty on closing stock of Finished Goods ₹.37.92

Lacs and excise duty on opening stock of Finished Goods ₹.65.16 Lacs

(previous year excise duty on closing stock of Finished Goods, ₹. 65.16 Lacs

and excise duty on opening stock of Finished Goods ₹. 71.92 Lacs)

(27.24) (6.76)

2.21.2 Auditors Remuneration

Particulars		
For Statutory Audit	3.50	3.50
For Tax Audit	0.75	0.75
For certification	1.49	1.68
Out of Pocket expenses	0.26	0.21
Service Tax	0.22	0.23

2.22 Depreciation & Amortization

Depreciation on tangible assets	867.42	818.40
Amortization on intangible assets	38.28	38.28
Total	905.70	856.68

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
2.23 Finance Costs		
Interest on Borrowings:		
- Banks	690.49	740.55
- Others	320.00	213.29
Other Borrowing Cost:		
Cost of variable coupon on restatement of FCCB	527.40	1599.18
Interest payable on matured FCCB	127.44	-
Deduct :Amount transferred as charges for variable coupon / interest on debentures	(654.84)	- (1599.18)
Total	1010.49	953.84

2.23.1 Variable coupon / interest on debentures has been computed as equivalent to all costs / expenditure incurred including foreign exchange gain / loss associated with the FCCBs, which belong to and to be borne by Pokarna Engineered Stone Limited and accordingly the same has been transferred.

2.23.2 Interest has been provided on matured FCCB's w.e.f.29.03.2012 @ six months labor plus 200 basis points.

2.23.3 Interest on borrowings towards purchase of assets capitalised during the year is ₹.7.65 Lacs (previous year ₹.7.75 Lacs)

2.24 1. Contingent Liabilities not provided for

Particulars		
a) Bank Guarantees	1.22	34.10
b) Letter of Credits outstanding	335.01	280.63
Claims against the company / disputed liabilities not acknowledged as debts:		
c) Income tax matters, pending decisions on various appeals made by the company and by the Department.Amount deposited ₹.12.47 Lacs (previous year ₹.Nil Lacs)	27.76	7.17
d) Excise matters (including service tax). Amount deposited ₹.5.71 Lacs (previous year ₹.5.71 Lacs)	231.67	121.13
e) Customs matters, Amount deposited ₹.40.84 Lacs (previous year ₹.3.75 Lacs)	79.66	53.23
f) Sales tax matters, Amount deposited ₹.Nil (previous year ₹.2.00 Lacs)	61.50	3.15
g) Mines & Geology matters	138.20	133.64
h) Cross subsidy charges payable to Central Power Distribution Company	61.60	61.60
i) Other Matters disputed	131.05	131.05
Other Commitments:		
j) Company remains exposed to liability towards fuel surcharge adjustment, which are notified by Power Distribution Companies of Andhra Pradesh pertaining to earlier years, which are being adjusted in future tariff payable for consumption. Accordingly charges are accounted in the year of payment / bill raised for the same.		
k) The company is also involved in other lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arise in the ordinary course of business. However, there are no material claims on such cases.		
2. Capital Commitments		
Estimated Amount of contracts remaining to be executed on Capital Account not provided for (net of advances)	56.33	129.53

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

2.25 Financial and Derivative Instruments

Foreign currency exposure that are not hedged by derivative or forward contracts as on 31st March 2013 amounts to ₹. 9261.13 Lacs (previous year ₹ 10588.60 Lacs).

2.26 Deferred Tax

Particulars	31.03.2013	31.03.2012
Deferred Tax Liability		
Others	-	73.51
Provision for Debtors	13.91	-
Total	13.91	73.51
Deferred Tax Asset		
Provision for Debtors	-	16.16
Depreciation	66.41	64.14
Total	66.41	80.30
Net Deferred Tax Liability	(52.50)	(6.79)

2.27 Related Party Transactions

- a) Enterprises where control exists:
Pokarna Engineered Stone Limited – 100% subsidiary
- b) Names of the Associate concerns:
Pokarna Fabrics Limited, Pokarna Fashions Limited, Pokarna Marketing Limited
- c) Names of the Associate Firms:
Southend, Southend Extension
- d) Names of Key Management Personnel
Gautam Chand Jain, Rahul Jain
- e) Names of Relatives
Prakash Chand Jain, Ashok Chand Jain, Raaj Kumar Jain
- f) Disclosure of transactions between the company and related parties and the status of Outstanding balances for the year **2012-13** (2011-12)

Nature of the Transaction	Subsidiary	Associates	Key Management Personnel	Relatives	Total
Purchase of Goods	-	26.75	-	-	26.75
	-	(24.39)	-	-	(24.39)
Sale of Goods	1.99	301.84	-	0.07	303.90
	(2.03)	(670.73)	-	-	(672.76)
Purchase of Asset	0.50	-	-	-	0.50
	-	-	-	-	-
Rent paid	-	31.02	-	-	31.02
	-	(30.46)	-	-	(30.46)
Remuneration to Directors	-	-	35.99	-	35.99
	-	-	(40.99)	-	(40.99)
Interest payable	-	97.20	-	-	97.20
	-	(93.76)	-	-	(93.76)

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Nature of the Transaction	Subsidiary	Associates	Key Management Personnel	Relatives	Total
Cost of variable coupon on restatement of FCCB	654.84 (1599.18)	- -	- -	- -	654.84 (1599.18)
Gain / Benefits on redemption of FCCB transferred	1216.38 -	- -	- -	- -	1216.38 -
Loan Received	- -	39.50 (10.00)	165.00 (65.00)	150.00 (155.00)	354.50 (230.00)
Loan Repaid	- -	- -	119.85 -	40.00 -	159.85 -
Loans & Advances given	90.28 (72.11)	- -	- -	- -	90.28 (72.11)
Balances as at 31/03/2013 – Receivable	1643.96 (3496.20)	126.34 (259.40)	- -	12.68 (12.61)	1782.98 (3768.21)
Balances as at 31/03/2013 – Payables	- -	1897.74 (1730.91)	529.15 (486.59)	315.00 (205.00)	2741.89 (2422.50)
Investments as on 31/03/2013	6115.88 (6115.88)	- -	- -	- -	6115.88 (6115.88)

Disclosure in respect of material related party transactions during the year:

- Purchase of goods include Pokarna Fabrics Limited ₹.26.61 Lacs (previous year ₹.18.55 Lacs), Pokarna Marketing Limited ₹.0.04 Lacs (previous year ₹.5.28 Lacs), Pokarna Fashions Limited ₹.0.10 Lacs (previous year ₹.0.56 Lacs)
- Sales of goods include to Pokarna Engineered Stone Limited ₹.1.99 Lacs (previous year ₹.2.03 Lacs), Pokarna Fashions Limited ₹.276.34 Lacs (previous year ₹.630.50 Lacs), Pokarna Fabrics Limited ₹.0.09 Lacs (previous year ₹.Nil), Southend ₹.10.80 Lacs (previous year ₹.40.23 Lacs), Southend Extension ₹.14.61 Lacs (previous year ₹.Nil), Raaj Kumar Jain ₹.0.07 Lacs (previous year ₹. Nil)
- Rent paid to Pokarna Fabrics Limited ₹.31.02 Lacs (previous year ₹.30.46 Lacs)
- Interest payable to Pokarna Fabrics Limited ₹.81.90 Lacs (previous year ₹.78.46 Lacs), Pokarna Marketing Limited ₹.15.30 Lacs (previous year ₹.15.30 Lacs)
- Remuneration paid includes to Gautam Chand Jain ₹.23.99 Lacs (previous year ₹.23.99 Lacs), Rahul Jain ₹.12.00 Lacs (previous year ₹.12.00 Lacs), Sidharth Jain ₹.Nil (previous year ₹.5.00 Lacs)
- Advance given to Pokarna Engineered Stone Limited ₹.90.28 Lacs (previous year ₹.72.11 Lacs)
- Loan received includes from Pokarna Fabrics Limited ₹.39.50 Lacs (previous year ₹.10.00 Lacs), Gautam Chand Jain ₹.165.00 Lacs (previous year ₹.65.00 Lacs), Prakash Chand Jain ₹.150.00 Lacs (previous year ₹.155.00 Lacs)
- Loan repaid to Gautam Chand Jain ₹.82.50 Lacs (previous year ₹.Nil Lacs), Rahul Jain ₹.37.35 Lacs (previous year ₹.Nil Lacs), Prakash Chand Jain ₹.40.00 Lacs (previous year ₹.Nil)
- Asset purchased from Pokarna Engineered Stone Limited ₹.0.50 Lacs (previous year ₹. Nil Lacs)
- Gain / Benefit on redemption of FCCB transferred to Pokarna Engineered Stone Limited ₹.1216.38 Lacs (previous year ₹.Nil Lacs)
- Cost of variable coupon on restatement of FCCB to Pokarna Engineered Stone Limited ₹.654.84 Lacs (previous year ₹.1599.18 Lacs)
- Investments are in Pokarna Engineered Stone Limited ₹.6115.88 Lacs (previous year ₹.6115.88 Lacs)

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

13. Receivables include from Pokarna Engineered Stone Limited ₹.1643.96 Lacs (previous year ₹.3496.20 Lacs), Pokarna Fashions Limited ₹.126.34 Lacs (previous year ₹.259.40 Lacs), Raaj Kumar Jain ₹.12.68 Lacs (previous year ₹.12.61 Lacs)
- 14 Payables include to Pokarna Fabrics Limited ₹.1536.90 Lacs (previous year ₹.1388.06 Lacs), Pokarna Marketing Limited ₹.318.09 Lacs (previous year ₹.307.85 Lacs), Pokarna Fashions Limited ₹.35.00 Lacs (previous year ₹.35.00 Lacs), Southend Extension ₹.7.75 Lacs (previous year ₹. Nil Lacs), Gautam Chand Jain ₹.479.50 Lacs (previous year ₹.399.59 Lacs), Rahul Jain ₹.49.65 Lacs (previous year ₹.87.00 Lacs), Prakash Chand Jain ₹.315.00 Lacs (previous year ₹.205.00 Lacs)

2.28 Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006

Particulars	31.03.2013	31.03.2012
a) Principal amount remaining unpaid and interest due thereon	Nil	Nil
b) Interest paid in term of Section 16	Nil	Nil
c) Interest due and payable for the period of delay in payment	Nil	Nil
d) Interest accrued and remaining unpaid	Nil	Nil
e) Interest due and payable even in succeeding years	Nil	Nil

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

2.29 Earnings Per Share (EPS)

The numerators and denominators used to calculate Basic and Diluted Earnings per share

Particulars		
Basic and Diluted Earnings Per Share		
Numerator for Basic earnings per share:		
Profit attributable to the Equity Share Holders	364.51	101.20
Denominator for Basic earnings per share:		
Basic / Weighted Average number of shares	6200800	6200800
Basic Earnings Per Share (in ₹.)	5.88	1.63

- 2.30** In accordance with AS-17 "Segment Reporting", segment information has been given in the consolidated financial statements of **Pokarna Limited** and therefore no separate disclosure on segment information is given in these financial statements.

2.31 Employee Benefits:

Particulars		
Defined Contribution Plan		
Employer's contribution to Provident Fund	85.64	84.23
Defined Benefit Plan		

The employees' gratuity fund scheme managed by a Trust (Life Insurance Corporation of India for Granite Division of the company) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Compensated Absence is recognized in the same manner as gratuity.

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	Gratuity (Funded)		Compensated Absence (Unfunded)	
	Year Ended	Year Ended	Year Ended	Year Ended
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
a) Reconciliation of opening and closing balances of the present value of the Projected Benefit Obligation				
Projected Benefit Obligation				
at Beginning of year	186.97	165.63	17.38	13.45
Current service cost	37.74	34.46	23.00	23.20
Past Service Cost	-	-	-	-
Interest cost	15.21	12.84	1.20	0.91
Actuarial(Gain)/Loss	(5.73)	(8.98)	(11.72)	(15.65)
Benefits paid	(18.76)	(16.98)	(6.75)	(4.54)
Projected Benefit Obligation at year end	215.44	186.97	23.11	17.38
b) Reconciliation of opening and closing balances of Fair Value of plan assets				
Fair value of Plan asset at beginning of year	144.98	59.12	-	-
Adjustment of opening balance	(6.02)	-	-	-
Expected return on Plan Assets	14.91	8.98	-	-
Actuarial(Gain)/Loss	(0.76)	(1.20)	-	-
Employer Contribution	63.28	95.06	6.75	4.54
Benefits Paid	(18.75)	(16.98)	(6.75)	(4.54)
Fair value of Plan asset at year end	197.64	144.98	-	-
c) Reconciliation of fair value of assets and Obligation				
Fair value of Plan assets	197.64	144.98	-	-
Present value of Projected Benefit obligation	215.44	186.97	23.10	17.38
Amount recognized in Balance Sheet	(17.80)	(41.99)	(23.10)	(17.38)
d) Expenses recognized during the year Under the head "Personnel Costs".				
Current service cost	37.74	34.46	23.00	23.20
Interest cost	15.21	12.84	1.20	0.91
Past Service Cost	-	-	-	-
Expected return on Plan Assets	(14.91)	(8.98)	-	-
Actuarial(Gain)/Loss	(4.97)	(7.78)	(17.33)	(15.65)
Income(-)/Expenses(+) recognized in the statement of Profit & Loss	33.07	30.54	6.87	8.47
e) Actuarial Assumptions				
	1994-96	1994-96	1994-96	1994-96
	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Mortality Table (L.I.C)	8.06%	8.57%	8.06%	8.57%
Discount rate (per annum)	5.00%	5.00%	5.00%	5.00%
Rate of escalation in salary (per annum)	10.00%	10.00%	10.00%	10.00%
Attrition Rate	9.25%	8.00%	-	-
Expected return on Plan assets – LIC				
f) The estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.				
g) The company expects to contribute ₹.20.00 Lacs to its Gratuity plan for the next year.				

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

2.33 Leases:

The company has operating leases for Office premises and retail outlets, that are

- (a) Renewable on a periodic basis and are cancellable by giving a notice period ranging from 1 month to 6 months and
- (b) Are non-cancellable for specified periods under arrangements. Rent escalation clauses vary from contract to contract.

Particulars	31.03.2013	31.03.2012
Rent expenses included in Profit and Loss Account towards operating leases	418.25	395.85
Minimum Lease obligation under non-cancellable lease contracts amounts to:		
Particulars		
Within 1 year	448.90	344.67
After 1 year but before 5 years	1933.58	1338.65
After 5 years	-	-
Total	2382.48	1683.32

2.34 General

- a) In the opinion of the company, the current assets, loans and advances are approximately of their value stated if realized in the ordinary course of business.
- b) Previous year's figures have been reclassified to conform to this year's classification.

2.35 Provisions

Particulars	Carrying amount as at April 1, 2012	Additional Provisional made during the year	Amount written off during the year	Amount reversed during the year	Unused as at March 31, 2013
Provision for Doubtful Debts	67.26	0.00	-	42.86	24.40

2.36 a) Details of imported and indigenous raw materials, consumables, stores & spares consumed during the year:

Class of Goods		31.03.2013		31.03.2012	
		Value	%	Value	%
Raw Material	Imported	212.32	6.36	522.01	11.71
	Indigenous*	3124.72	93.64	3936.11	88.29
	Total	3337.04	100.00	4458.12	100.00
Consumables, Stores & Spares	Imported	985.59	49.75	944.40	53.65
	Indigenous	995.43	50.25	815.91	46.35
	Total	1981.02	100.00	1760.31	100.00

* Including inter unit transfer of 5341 CBM of ₹. 575.86 Lacs (previous year 5235 CBM of ₹.779.63 Lacs)

b) CIF value of imports:

Particulars	31.03.2013	31.03.2012
Raw Material	201.16	259.31
Consumables, Stores & Spares	1132.10	861.66
Capital Items	4.31	1.19

POKARNA LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	31.03.2013	31.03.2012
c) Earnings in foreign currency		
Income from sales (FOB)	9259.00	8133.74
d) Expenditure in foreign currency		
Travel & Conveyance	93.86	61.11
Business Promotion	85.51	64.96
Ocean Freight	10.40	
Professional & Consultancy	-	2.71
Sales Commission	-	2.67
Advertisement	3.51	-
Interest	39.46	-

2.37 a) The Ministry of Corporate Affairs, Government of India, vide General Circular No.2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.

b) Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

As per our report attached	For and on behalf of Board of Directors	
For S. Daga & Co.	Gautam Chand Jain	Chairman & Managing Director
Chartered Accountants	Meka Yugandhar	Director
(F.No. 000669S)	Vinayak Rao Juvvadi	Director
	Thati V. Chowdary	Director
Shantilal Daga	Mahender Chand Chordia	Director
Partner	Prakash Chand Jain	Director
Membership No. 11617	Rahul Jain	Executive Director
	M Vishwanatha Reddy	Chief Financial Officer
Place : Secunderabad	Sanjay Daga	G. M. – Accounts
Date : 22.05.2013	Chinmoy Patnaik	Company Secretary

POKARNA LIMITED



INDEPENDENT AUDITORS' REPORT

To
The Board of Directors,
Pokarna Limited.

We have audited the accompanying consolidated financial statements of **POKARNA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S.DAGA & CO.,
Chartered Accountants,
(F.No.000669S)

(SHANTILAL DAGA)
M.No.11617
Partner

Place: Hyderabad
Date: 22.05.2013

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

Rupees in Lacs

	Notes	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	620.08	620.08
Reserves & Surplus	2.2	933.45	1597.73
		1553.53	2217.81
Non-Current Liabilities			
Long-term Borrowings	2.3	19507.44	18496.06
Deferred Tax Liabilities	2.4	517.16	569.66
Other Long-term Liabilities	2.5	1303.63	1051.10
Long-term Provisions	2.6	81.68	56.85
		21409.91	20173.67
Current Liabilities			
Short-term Borrowings	2.3	5685.78	5229.05
Trade Payables	2.7	2227.86	2410.18
Other Current Liabilities	2.5	8281.45	9321.25
Short-term Provisions	2.6	2265.06	2828.73
		18460.15	19789.21
Total		41423.59	42180.69
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	2.8	27917.72	29374.22
Intangible Assets	2.8	76.56	114.84
Capital Work-In-Progress		224.71	378.62
Long-term Loans and Advances	2.9	796.06	672.74
Other Non-current Assets	2.10	3.11	86.49
		29018.16	30626.91
Current Assets			
Inventories	2.11	6895.07	6430.50
Trade Receivables	2.12	3568.45	3784.62
Cash and Bank Balances	2.13	1092.30	715.69
Short-term Loans and Advances	2.9	827.37	575.50
Other Current Assets	2.10	22.24	47.47
		12405.43	11553.78
Total		41423.59	42180.69
Significant Accounting Policies	1		
Notes on Financial Statements	2		
The accompanying notes are an integral part of financial statements			

As per our report attached

For **S. Daga & Co.**
Chartered Accountants
(F.No. 000669S)

Shantilal Daga
Partner
Membership No. 11617

Place : Secunderabad
Date : 22.05.2013

For and on behalf of Board of Directors

Gautam Chand Jain	Chairman & Managing Director
Meka Yugandhar	Director
Vinayak Rao Juvvadi	Director
Thati V. Chowdary	Director
Mahender Chand Chordia	Director
Prakash Chand Jain	Director
Rahul Jain	Executive Director
M Vishwanatha Reddy	Chief Financial Officer
Sanjay Daga	G. M. – Accounts
Chinmoy Patnaik	Company Secretary

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF PROFIT & LOSS

Rupees in Lacs

	Notes	For The Year Ended 31.03.2013	For The Year Ended 31.03.2012
INCOME			
Revenue from Operations (gross)	2.14	20802.98	18532.44
Less :Excise Duty		448.20	455.77
Revenue from Operations (net)		20354.78	18076.67
Other Income	2.15	512.24	356.34
Total		20867.02	18433.01
EXPENSES			
Cost of Raw Material and Components consumed	2.16	5048.22	5462.93
Purchase of Traded Goods	2.17	188.36	331.67
(Increase) / Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	2.18	(659.91)	(890.23)
Employee Benefits Expense	2.19	2214.41	2148.08
Other Expenses	2.20	10072.06	8240.78
Total		16863.14	15293.23
Earnings before Interest, Tax, Depreciation and Amortization		4003.88	3139.78
Depreciation and Amortization	2.21	2230.22	1858.49
Finance Costs	2.22	3447.32	4326.14
Profit/(Loss) Before Extraordinary items & Tax		(1673.66)	(3044.85)
Extraordinary Items	2.23	1158.75	-
Profit / (Loss) Before Tax		(514.91)	(3044.85)
Tax Expenses			
Current Tax		204.68	50.58
Deferred Tax		(52.50)	(6.79)
Prior year tax		(2.81)	5.01
Total Tax Expenses		149.37	48.80
Profit After Tax		(664.28)	(3093.65)
Earnings Per Share - Basic & Diluted (in ₹.)		(10.71)	(49.89)
(Par value of ₹.10/- each)			
Significant Accounting Policies	1		
Notes on Financial Statements	2		
The accompanying notes are an integral part of financial statements			

As per our report attached

For **S. Daga & Co.**
Chartered Accountants
(F.No. 000669S)

Shantilal Daga
Partner
Membership No. 11617

Place : Secunderabad
Date : 22.05.2013

For and on behalf of Board of Directors

Gautam Chand Jain	Chairman & Managing Director
Meka Yugandhar	Director
Vinayak Rao Juvvadi	Director
Thati V. Chowdary	Director
Mahender Chand Chordia	Director
Prakash Chand Jain	Director
Rahul Jain	Executive Director
M Vishwanatha Reddy	Chief Financial Officer
Sanjay Daga	G. M. – Accounts
Chinmoy Patnaik	Company Secretary

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

CASH FLOW STATEMENT

Rupees in Lacs

	For The Year Ended 31.03.2013	For The Year Ended 31.03.2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and Extraordinary Items	(1673.66)	(3044.85)
Adjustments:		
Depreciation and amortization expense	2230.22	1905.81
Loss/(profit) on sale of fixed assets	(37.47)	30.88
Unrealized foreign exchange (gain) / loss, net	452.42	700.47
Provision for Doubtful Debts	(42.86)	49.81
Interest expense	3447.32	4326.14
Interest income	(48.51)	(44.82)
Operating profit before working capital changes	4327.46	3923.44
Changes in working capital and other provisions:		
Trade receivables	270.36	60.40
Inventories	(464.57)	(603.24)
Loans and advances and other assets	(410.62)	177.43
Other Liabilities and provisions	(2887.02)	766.35
Cash generated from operations	835.61	4324.38
Income taxes paid, net	(56.32)	(3.55)
Net cash provided by operating activities	779.29	4320.83
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and changes in capital work in progress	(1016.57)	(360.49)
Proceeds from sale of fixed assets	77.95	18.84
Interest income	48.51	44.82
Net cash used in investing activities	(890.11)	(296.83)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank Borrowings	577.29	(2210.84)
Other Borrowings	1631.29	2700.05
Extraordinary Items (incl. ₹.394.56 Lacs adjusted in fixed assets)	1553.31	-
Interest expense	(3447.32)	(4326.14)
Net cash generated in financing activities	314.57	(3836.93)
Net Increase / (Decrease) in Cash and Cash Equivalents	203.75	187.07
Cash and bank balances at the beginning of the year	476.08	277.15
Effect of exchange gain on cash and cash equivalents	19.58	11.86
Cash and bank balances at the end of the year	699.41	476.08

Significant Accounting Policies

1

Notes on Financial Statements

2

The accompanying notes are an integral part of financial statements

As per our report attached

For and on behalf of Board of Directors

For **S. Daga & Co.**
Chartered Accountants
(F.No. 000669S)

Shantilal Daga
Partner
Membership No. 11617

Place : Secunderabad
Date : 22.05.2013

Gautam Chand Jain	Chairman & Managing Director
Meka Yugandhar	Director
Vinayak Rao Juvvadi	Director
Thati V. Chowdary	Director
Mahender Chand Chordia	Director
Prakash Chand Jain	Director
Rahul Jain	Executive Director
M Vishwanatha Reddy	Chief Financial Officer
Sanjay Daga	G. M. – Accounts
Chinmoy Patnaik	Company Secretary

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Significant Accounting Policies

A. Basis of Preparation of Financial Statements

The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as that of the Parent Company i.e., year ended 31st March.

The financial statements are prepared under the historical cost convention on accrual basis to comply in all material aspects and in accordance with generally accepted accounting principles (GAAP) in India and the relevant provisions of the Companies Act 1956.

Principles of Consolidation

The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealized profits.

The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies.

B. Other Significant Accounting Policies

These are set out under “Significant Accounting Policies” as given in the Company’s separate financial statements.

2. Notes to Financial Statements for the year ended 31 March 2013

A. The Consolidated Financial Statements present the consolidated Accounts of Pokarna Limited with its wholly owned Indian subsidiary Pokarna Engineered Stone Limited.

B. Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.

	Rupees in Lacs	
	31.03.2013	31.03.2012

2.1 Share Capital

Authorised:

2,00,00,000 (2,00,00,000) Equity Shares

of ₹.10/- each 2000.00 2000.00

Issued, Subscribed and fully paid-up:

62,00,800 (62,00,800) Equity Shares

of ₹.10/- each 620.08 620.08

Total **620.08 620.08**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	No.of Shares	No. of shares
At the beginning of the period	6200800	6200800
Issued during the period	-	-
Outstanding at the end of the period	6200800	6200800

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
NOTES FORMING PART OF FINANCIAL STATEMENTS

2.2 Reserves and Surplus

	31.03.2013	31.03.2012
Capital Subsidy	15.00	15.00
Share Premium	73.96	73.96
General Reserve		
Balance at the Beginning of the Year	943.76	943.76
Add: Transfer from Profit & Loss A/c	<u>-</u>	<u>-</u>
	943.76	943.76
FCCB Redemption Reserve		
Opening Balance	6138.78	4295.21
Add: Transferred from Profit & Loss A/c	<u>-</u>	<u>1843.57</u>
Less: Transferred to Profit & Loss A/c on redemption	<u>1624.47</u>	<u>-</u>
	4514.31	6138.78
Profit & Loss Account		
Opening Balance	(5573.77)	(636.55)
Add: Profit for the year	<u>(664.28)</u>	<u>(3093.65)</u>
	(6238.05)	(3730.20)
Less: Transferred to FCCB Redemption reserve	<u>-</u>	<u>1843.57</u>
Add: Transferred from FCCB Redemption reserve on redemption	<u>1624.47</u>	<u>-</u>
	(4613.58)	(5573.77)
Total	<u>933.45</u>	<u>1597.73</u>

2.3 Borrowings:

A. Long-term Borrowings

	Non-current portion		Current maturities	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Secured				
Term Loans				
Indian Rupee Loans from Banks	11229.64	11134.50	1017.23	1409.69
External Commercial Borrowing from Banks	128.36	-	839.15	-
Hire Purchase Loans				
Banks	72.70	39.70	67.88	32.26
Others	412.07	6.14	284.71	32.79
Unsecured				
Loans & Advances from Related Parties				
Loans from Directors	3447.27	3095.82	-	-
Inter Corporate Deposits	4217.40	4219.90	-	-
	<u>19507.44</u>	<u>18496.06</u>	<u>2208.97</u>	<u>1474.74</u>
Amount disclosed under the head "Other Current Liabilities" (Note.2.5(B))			<u>(2208.97)</u>	<u>(1474.74)</u>
Total	<u>19507.44</u>	<u>18496.06</u>	<u>-</u>	<u>-</u>

B. Short term Borrowings

Secured		
From Banks		
- Working Capital Loan	3059.44	3227.20
Unsecured		
From Others - Inter Corporate Deposit	2626.34	2001.85
Total	<u>5685.78</u>	<u>5229.05</u>

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
2.4 Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation	525.08	591.48
	<u>525.08</u>	<u>591.48</u>
Deferred Tax Asset		
Others	-	-
Provision for Doubtful Debts	7.92	21.82
	<u>7.92</u>	<u>21.82</u>
Total	<u>517.16</u>	<u>569.66</u>
2.5 Other Liabilities:		
A. Other Long-Term Liabilities		
Security Deposits	60.00	62.70
Interest accrued but not due on borrowings	1243.63	988.40
Total	<u>1303.63</u>	<u>1051.10</u>
B. Other Current Liabilities		
Advance from Customers	209.70	172.81
Creditors for Capital Expenditure	444.31	484.86
Zero Coupon Foreign Currency Convertible Bonds	4514.31	6138.78
Current Maturities of Long Term Borrowings (refer note.2.3(A))	2208.97	1474.74
Interest accrued but not due on borrowings	12.19	-
Interest accrued and due on borrowings	61.84	325.20
Statutory Liabilities	151.32	138.50
Unpaid Dividend	6.31	8.46
Other Liabilities	672.50	577.90
Total	<u>8281.45</u>	<u>9321.25</u>
2.6 Provisions:		
A. Long-term Provisions		
Provision for Employee Benefits		
Provision for Gratuity	57.44	39.96
Provision for Leave Benefit	24.24	16.89
Total	<u>81.68</u>	<u>56.85</u>
B. Short-term Provisions		
Provision for Gratuity	5.98	10.56
Provision for Leave Benefit	45.53	36.45
Provision for Premium on FCCB's	2008.87	2731.14
Provision for Tax	204.68	50.58
Total	<u>2265.06</u>	<u>2828.73</u>
2.7 Trade Payables		
Trade Payables	2227.86	2410.18
Total	<u>2227.86</u>	<u>2410.18</u>

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
NOTES FORMING PART OF FINANCIAL STATEMENTS

Notes - 2.8

Description	Gross Block			Depreciation		Net Block	
	As on 01.04.2012	Additions	Deletions	As on 31.03.2013	Upto 31.03.2012 For the Period	As on 31.03.2013	As on 31.03.2012
Tangible Assets:							
Land - Freehold	479.91	11.94	5.55	486.30	-	486.30	479.91
Land - Leasehold	1186.55	-	-	1186.55	168.17	982.42	1018.38
Buildings	757.52	-	11.34	746.18	28.72	704.93	728.80
Factory & Quarry Buildings	6051.74	190.65	68.66	6173.73	871.09	5101.10	5180.65
Plant & Machinery	27930.36	784.71	699.34	28015.73	7049.81	19534.29	20880.55
Vehicles	673.31	110.75	82.74	701.32	347.72	357.09	325.59
Furniture & Fixtures	851.40	47.73	2.22	896.91	248.79	587.26	602.61
Office Equipment	284.34	24.70	-	309.04	126.61	164.33	157.73
Total -(A)	38215.13	1170.48	869.85	38515.76	8840.91	27917.72	29374.22
Intangible Assets:							
Trade Marks & Brand Names	382.80	-	-	382.80	267.96	76.56	114.84
Total - (B)	382.80	-	-	382.80	267.96	76.56	114.84
Total - (A+B)	38597.93	1170.48	869.85	38898.56	9108.87	27994.28	29489.06
Previous Year	38145.81	557.28	105.16	38597.93	7305.82	29489.06	30839.99

★ Note:2.8.1 Land includes Acres 2.11 cents at R.L.Puram, Prakasam Dt., Andhra Pradesh which has been disputed by third parties pending disposal.
2.8.2 Depreciation for the year includes ₹.223.72 Lacs relating to prior period due to recomputation @5.28% (instead of @4.75%) treating the Plant as continuous processing plant.
2.8.3 The gross block of fixed assets have been adjusted by ₹.394.56 Lacs, equivalent to gain / benefit on redemption of FCCB's at a discounted price.

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
2.9 Loans & Advances		
A. Long-Term Loans and Advances		
Unsecured, considered good unless stated otherwise		
Capital Advances	166.33	86.90
Security Deposit	538.81	504.77
Advances recoverable in cash or kind	90.92	81.07
Total	796.06	672.74
B. Short-Term Loans and Advances		
Unsecured, considered good unless stated otherwise		
Advances recoverable in cash or kind	386.07	249.90
Cenvat Credit Receivable	6.76	9.16
Balance with Customs & Excise Authorities	64.97	57.18
Advance for Raw Material	219.20	126.56
Advance Income Tax	39.92	31.37
Prepaid Expenses	110.44	99.83
Loans to Employees	0.01	1.50
Total	827.37	575.50
2.10 Other Assets		
A. Other Non-Current Assets		
Unsecured, considered good unless stated otherwise		
Non-current Bank Balances		
Deposits with maturity for more than 12 months		
Margin Money deposits	3.01	67.19
Interest accrued on fixed deposits	0.10	19.30
Total	3.11	86.49
B. Other Current Assets		
Unsecured, considered good unless stated otherwise		
Interest accrued on fixed deposits	22.24	47.47
Total	22.24	47.47
2.11 Inventories		
Raw Material (includes in transit ₹.21.05 Lacs (₹.191.19 Lacs))	796.26	1112.70
Work-in-progress	466.41	409.10
Finished Goods	4577.69	3970.36
Traded Goods (includes in transit ₹.2.18 Lacs (₹.Nil))	146.83	151.56
Consumables, Stores & Spares (includes in transit ₹.3.70 Lacs (₹.Nil))	829.52	708.27
Packing Material	78.36	78.51
Total	6895.07	6430.50

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
2.12 Trade Receivables		
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	404.21	568.05
Doubtful	24.40	67.26
	428.61	635.31
Provision for doubtful receivables	24.40	67.26
	404.21	568.05
Other receivables	3164.24	3216.57
Total	3568.45	3784.62

2.13 Cash and Bank Balances

	Non-current		Current	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Cash and Cash Equivalents				
Balances with Banks			594.79	347.09
Deposits - Margin Money				
with maturity less than three months			85.35	110.02
In unpaid Dividend Account			6.31	8.46
Cash in Hand			12.96	10.51
Other Bank Balances			699.41	476.08
Deposits - Margin Money				
with maturity for more 3 months but less than 12 months			392.89	239.61
with maturity for more than 12 months	3.01	67.19		
Amount disclosed under the head "Other Non-Current Assets" (Note.2.10(A))	(3.01)	(67.19)		
Total	-	-	1092.30	715.69

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
2.14 Revenue from Operations		
Sale of Products		
Finished Goods	20417.87	17850.66
Traded Goods	313.54	544.18
	20731.41	18394.84
Sale of Services	29.51	90.61
Other Operating Income		
Scrap Sales	42.06	46.99
Revenue from Operations (Gross)	20802.98	18532.44
Details of Products Sold		
Finished Goods Sold		
Finished Granite	9685.06	8797.12
Raw Granite	4435.39	2259.21
Apparel	1361.51	2576.43
Quartz Surfaces	4935.91	4217.90
	20417.87	17850.66
Traded Goods Sold		
Finished Granite	97.70	15.11
Raw Granite	4.04	9.54
Apparel	67.18	139.90
Fabric	144.62	379.63
	313.54	544.18
Total	20731.41	18394.84
Details of Services Rendered		
Mining Services	-	10.75
Job work Charges	29.51	79.86
Total	29.51	90.61
2.15 Other Income		
Interest income on		
Bank Deposits	35.68	34.53
Others	12.83	10.29
Commission Income	0.25	1.58
Foreign Exchange Gain	322.89	288.04
Miscellaneous Income	38.67	-
Profit on Sale of Asset	52.12	-
Hire Charges Received	49.80	21.90
Total	512.24	356.34

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
2.16 Cost of Raw Material and Components consumed		
Opening Stock	1169.41	1500.85
Add: Purchases	4724.61	5131.49
	5894.02	6632.34
Less: Closing Stock	845.80	1169.41
Total	5048.22	5462.93
Details of Raw Material and Components consumed		
Raw Granite	2334.03	2565.65
Fabric	425.16	1105.25
Quartz etc.,	2256.80	1702.00
Consumables	32.23	90.03
Total	5048.22	5462.93
Details of Inventory		
Raw Granite	385.50	399.51
Fabric	173.72	434.50
Quartz etc.,	237.03	278.69
Consumables	49.55	56.71
Total	845.80	1169.41
2.17 Details of Purchase of Traded Goods		
Finished Granite	57.09	12.20
Raw Granite	3.78	7.82
Apparel	51.32	79.03
Fabric	76.17	232.62
Total	188.36	331.67
2.18 (Increase) / Decrease in Inventories		
Opening Stock		
Finished Goods	3856.00	2761.31
Work-in-Process	409.10	591.82
Raw Granite	114.36	143.19
Traded Goods	151.56	144.47
	4531.02	3640.79
Less: Closing Stock		
Finished Goods	4374.99	3856.00
Work-in-Process	466.41	409.10
Raw Granite	202.70	114.36
Traded Goods	146.83	151.56
	5190.93	4531.02
Total	(659.91)	(890.23)

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
NOTES FORMING PART OF FINANCIAL STATEMENTS

	31.03.2013	31.03.2012
Details of Inventory		
Traded Goods		
Finished Granite	-	-
Raw Granite	2.18	-
Apparel	74.05	70.60
Fabric	70.60	80.96
Total	146.83	151.56
Work-In-Progress		
Finished Granite	75.73	188.50
Apparel	18.51	133.62
Quartz Surfaces	372.17	86.98
Total	466.41	409.10
Finished Goods		
Finished Granite	1108.85	1181.94
Raw Granite	202.70	114.35
Apparel	672.17	753.71
Quartz Surfaces	2593.97	1920.36
Total	4577.69	3970.36
2.19 Employee Benefit Expenses		
Salaries, Wages, Bonus & Allowances	1840.09	1769.86
Contribution to Provident Fund and Other Fund	137.33	126.87
Retirement Benefits	75.70	68.48
Staff Welfare Expenses	161.29	182.87
Total	2214.41	2148.08
2.20 Other Expenses		
Consumption of Stores & Spares	2554.41	2264.08
Other processing & Job work expenses	311.98	215.38
Power and Fuel	2021.24	1566.76
Repairs and Maintenance:-		
- Plant and Machinery	97.93	100.79
- Building	18.23	6.44
- Others	16.86	21.47
Cutter and Driller Charges	446.81	282.79
Royalty on Quarry Land	45.84	35.23
Rent	436.98	412.52
Rates and Taxes	46.98	70.30
Insurance	139.13	125.87
Communication Charges	40.20	41.99

POKARNA LIMITED
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	31.03.2013	31.03.2012
Printing & Stationery	22.70	22.50
Travelling & Conveyance Expenses	217.57	189.45
Electricity Charges	60.87	51.86
Vehicle Maintenance	104.47	97.05
Auditors Remuneration	7.44	7.37
Advertisement	17.96	2.61
Legal and Professional Charges	179.96	130.71
Directors Sitting Fees	3.88	1.21
Donations	12.98	2.72
Fees & Subscriptions	7.30	11.36
Government Royalty and Dead Rent	774.85	479.97
Carriage Outwards	1133.88	839.57
Sales Commission	73.81	40.00
Discounts and Claims	260.85	120.32
Business Promotion Expenses	373.53	352.71
Packing Material	317.04	334.59
Bad Debts Written off	108.57	-
Provision for Doubtful Debts	(42.86)	49.81
Excise Duty-Others	(27.24)	(6.76)
Sales Tax	146.80	132.57
Bank Charges	88.91	121.33
Impairment / Loss on sale of assets	14.65	30.88
Miscellaneous Expenses	37.55	38.01
Amortization of Mis. Expenses	-	47.32
Total	10072.06	8240.78
2.21 Depreciation & Amortization		
Depreciation of tangible assets	2191.94	1820.21
Amortization on intangible assets	38.28	38.28
Total	2230.22	1858.49
2.22 Finance Costs		
Interest on Borrowings:		
- Banks	1944.70	2049.77
- Others	847.78	677.19
Cost on variable coupon on restatement of FCCB	654.84	1599.18
Total	3447.32	4326.14

2.22.1 Variable coupon / interest on debentures has been computed and accounted for as equivalent to all costs / expenditure incurred including foreign exchange gain / loss associated with the FCCBs.

2.23 Extra-ordinary Items

Zero coupon Foreign Currency Convertible Bonds (12,000 FCCB's of USD face value of 1000 each) issued were matured on 29.03.2012. During the year 3700 bonds were redeemed at a negotiated price. The resulting gain / benefits of ₹.1158.75 Lacs has arisen due to redemption at a discounted price.

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
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2.24 1 Contingent Liabilities not provided for

Particulars	31.03.2013	31.03.2012
a. Bank Guarantees	5.72	38.60
b. Letter of Credits outstanding	411.54	498.80
c. Bond-Cum-Legal Undertaking for Special Economic Zone Unit made in favour of President of India	6250.00	6250.00
Claims against the company / disputed liabilities not acknowledged as debts:		
d. Income tax matters, pending decisions on various appeals made by the company and by the Department. Amount deposited ₹.12.47 Lacs (previous year ₹.Nil Lacs)	27.76	7.17
e. Excise matters (including service tax). Amount deposited ₹.5.71 Lacs (previous year ₹.5.71 Lacs)	231.67	121.13
f. Customs matters, Amount deposited ₹.40.84 Lacs (previous year ₹.3.75 Lacs)	79.66	53.23
g. Sales tax matters, Amount deposited ₹.Nil (previous year ₹.2.00 Lacs)	61.50	3.15
h. Mines & Geology matters	138.20	133.64
i. Cross subsidy charges payable to Central Power Distribution Company	61.60	61.60
j. Fuel Surcharge adjustment (FSA) claim to the extent billed by Power distribution Companies of AP	0.85	-
k. Other Matters disputed	157.98	131.05
Other Commitments:		
l. Company remains exposed to liability towards fuel surcharge adjustment, which are notified by Power Distribution Companies of Andhra Pradesh pertaining to earlier years, which are being adjusted in future tariff payable for consumption. Accordingly charges are accounted in the year of payment / bill raised for the same.		
m. The company is also involved in other lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arise in the ordinary course of business. However, there are no material claims on such cases.		

2 Capital Commitments

Estimated Amount of contracts remaining to be executed on Capital Account not provided for	161.33	264.53
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2.25 Deferred Tax

Particulars	31.03.2013	31.03.2012
Deferred Tax Liability		
Others	-	73.51
Provision for Debtors	13.91	-
Total	13.91	73.51
Deferred Tax Asset		
Depreciation	66.41	64.14
Provision for Debtors	-	16.16
Total	66.41	80.30
Net Deferred Tax Liability	(52.50)	(6.79)

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
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2.26 Related Party Transactions

- a) Names of the Associate concerns:
Pokarna Fabrics Limited, Pokarna Fashions Limited, Pokarna Marketing Limited
- b) Names of the Associate Firms:
Southend, Southend Extension
- c) Names of Key Management Personnel
Gautam Chand Jain, Rahul Jain
- d) Names of Relatives
Prakash Chand Jain, Ashok Chand Jain, Raaj Kumar Jain
- e) Disclosure of transactions between the company and related parties and the status of
Outstanding balances for the year **2012-13** (2011-12)

Nature of the Transaction	Associates	Key Management Personnel	Relatives	Total
Purchase of Goods	26.75 (25.65)	- -	- -	26.75 (25.65)
Sale of Goods	306.00 (670.73)	- -	0.07 -	306.07 (670.73)
Rent paid	31.02 (30.46)	- -	15.78 (14.24)	46.80 (44.70)
Remuneration paid to Directors	- -	35.99 (40.99)	- -	35.99 (40.99)
Interest Payable	371.28 (327.48)	- -	- -	371.28 (327.48)
Loan Received	72.50 (350.00)	192.00 (332.50)	250.00 (238.50)	514.50 (921.00)
Loan Repaid	- -	119.85 -	40.00 -	159.85 -
Balances as at 31/03/13- Receivable	126.34 (259.40)	- -	12.68 (12.61)	139.02 (272.01)
Balances as at 31/03/13 – Payables	5531.30 (5086.05)	2905.70 (2836.14)	598.50 (401.56)	9035.50 (8323.75)

Disclosure in respect of material related party transactions during the year:

- Purchase of goods include Pokarna Fabrics Limited ₹.26.61 Lacs (previous year ₹.18.55 Lacs), Pokarna Marketing Limited ₹.0.04 Lacs (previous year ₹.5.28 Lacs), Pokarna Fashions Limited ₹.0.10 Lacs (previous year ₹.1.82 Lacs)
- Sales of goods include to Pokarna Fashions Limited ₹.280.50 Lacs (previous year ₹.630.50 Lacs), Pokarna Fabrics Limited ₹.0.09 Lacs (previous year ₹. Nil Lacs), Southend ₹.10.80 Lacs (previous year ₹.40.23 Lacs), Southend Extension ₹.14.61 Lacs (previous year ₹. Nil Lacs), Raaj Kumar Jain ₹.0.07 Lacs (previous year ₹. Nil)

POKARNA LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
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3. Rent paid to Pokarna Fabrics Limited ₹.31.02 Lacs (previous year ₹.30.46 Lacs), Rekha Jain ₹.15.78 Lacs (previous year ₹.7.04 Lacs), Anju Jain ₹. Nil Lacs (previous year ₹.7.20 Lacs)
4. Interest payable to Pokarna Fabrics Limited ₹.317.88 Lacs (previous year ₹.277.79 Lacs), Pokarna Marketing Limited ₹.53.40 Lacs (previous year ₹.49.69 Lacs)
5. Remuneration paid includes to Gautam Chand Jain ₹.23.99 Lacs (previous year ₹.23.99 Lacs), Rahul Jain ₹.12.00 Lacs (previous year ₹.12.00 Lacs), Siddharth Jain ₹. Nil Lacs (previous year ₹.5.00 Lacs)
6. Loan received includes from Pokarna Fabrics Limited ₹.72.50 lakhs (previous year ₹.350.00 Lacs), Gautam Chand Jain ₹.192.00 Lacs (previous year ₹.308.50 Lacs), Rahul Jain ₹. Nil Lacs (previous year ₹.24.00 Lacs), Prakash Chand Jain ₹.250.00 Lacs (previous year ₹.238.50 Lacs)
7. Loan repaid to Gautam Chand Jain ₹.82.50 Lacs (previous year ₹. Nil Lacs), Rahul Jain ₹.37.35 Lacs (previous year ₹. Nil Lacs), Prakash Chand Jain ₹.40.00 Lacs (previous year ₹. Nil)
8. Receivables include from Pokarna Fashions Limited ₹.126.34 Lacs (previous year ₹.259.40 Lacs), Raaj Kumar Jain ₹.12.68 Lacs (previous year ₹.12.61 Lacs)
9. Payables include to Pokarna Fabrics Limited ₹.4462.14 Lacs (previous year ₹.4069.17 Lacs), Pokarna Marketing Limited ₹.1026.41 Lacs (previous year ₹.981.88 Lacs), Pokarna Fashions Limited ₹.35.00 Lacs (previous year ₹.35.00 Lacs), Southend Extension ₹.7.75 Lacs (previous year ₹. Nil Lacs), Gautam Chand Jain ₹.1975.45 Lacs (previous year ₹.1868.54 Lacs), Rahul Jain ₹.930.25 Lacs (previous year ₹.967.60 Lacs), Prakash Chand Jain ₹.598.50 Lacs (previous year ₹.388.50 Lacs), Rekha Jain ₹. Nil Lacs (previous year ₹.6.45 Lacs), Anju Jain ₹. Nil Lacs (previous year ₹.6.61 Lacs)

2.27 Earnings Per Share (EPS)

The numerators and denominators used to calculate Basic and Diluted Earnings per share

Particulars	31.03.2013	31.03.2012
Basic / Diluted Earnings Per Share		
Numerator for Basic earnings per share:		
Profit attributable to the Equity Share Holders	(664.28)	(3093.65)
Denominator for Basic earnings per share:		
Basic / Weighted Average number of shares	6200800	6200800
Basic Earnings Per Share (in ₹.)	(10.71)	(49.89)

2.28 Segment Reporting

Disclosure of segment reporting for the year 2012-13 (2011-12):

(a) Information about Primary Business Segments:

Description	Granite	Apparel	Quartz Surfaces	Total
Sales to External Customers	14071.63 (11050.62)	1530.72 (2935.00)	4754.42 (4098.65)	20356.77 (18084.27)
Inter Segment Sales	1.99 (7.60)	- -	- -	1.99 (7.60)
Total Revenue	14069.64 (11043.02)	1530.72 (2935.00)	4754.42 (4098.65)	20354.78 (18076.67)

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Segment Results	Granite	Apparel	Quartz Surfaces	Total
Profit / (Loss)	2385.12 (1357.14)	(860.75) (-253.35)	1408.04 (177.50)	2932.41 1281.29
Interest Expenses	385.88 (297.03)	624.61 (656.82)	2436.83 (3372.29)	3447.32 (4326.14)
Income Tax				149.37 (48.80)
Profit After Tax				(664.28) (3093.65)
Other Segment Information:				
Capital Expenditure	953.41 (49.52)	35.70 (91.04)	27.46 (219.92)	1016.57 (360.48)
Depreciation	648.47 (596.96)	257.23 (259.72)	1324.52 (1001.81)	2230.22 (1858.49)
Particulars of Segment Assets and Liabilities:				
Segment Assets	15049.31 (15225.75)	5106.14 (6078.86)	24165.13 (24372.26)	44320.58 (45676.87)
Unallocated Assets	6115.88 (6115.88)	- -	- -	6115.88 (6115.88)
Segment Liabilities	6348.92 (5100.99)	6363.87 (7500.99)	31645.83 (30824.16)	44358.62 (43426.14)
Unallocated Liabilities	4514.31 (6138.78)	- -	- -	4514.31 (6138.78)

(b) Information about Secondary Segments – Geographical

Revenue attributable to location of customers is as follows

31.03.2013					31.03.2012			
Country	Granite	Apparel	Quartz Surfaces	Total	Granite	Apparel	Quartz Surfaces	Total
U S A	3634.24	-	2936.23	6570.47	4307.70	-	2814.67	7122.37
Europe	2625.33	-	174.02	2799.35	2122.65	-	387.55	2510.20
Asia	1712.62	-	-	1712.62	792.09	-	-	792.09
India	4710.72	1530.72	819.53	7060.97	2777.53	2935.00	781.19	6493.72
Australia	21.16	-	-	21.16	29.04	-	-	29.04
Rest of the world	1367.56	-	824.64	2192.20	1021.61	-	115.24	1136.85
Total	14071.63	1530.72	4754.42	20356.77	11050.62	2935.00	4098.65	18084.27

The entire activity pertaining to sales outside India is carried out from India.

Notes:

- (i) The company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system. The operations predominantly relate to Granite, Apparel and Quartz Surfaces segments.

POKARNA LIMITED
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- (ii) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on reasonable basis.

2.29 General

- a) In the opinion of the company, the current assets, loans and advances are approximately of their value stated if realized in the ordinary course of business.
- b) Previous year figures have been reclassified to conform to this year's classification.

As per our report attached	For and on behalf of Board of Directors	
For S. Daga & Co.	Gautam Chand Jain	Chairman & Managing Director
Chartered Accountants	Meka Yugandhar	Director
(F.No. 000669S)	Vinayak Rao Juvvadi	Director
	Thati V. Chowdary	Director
Shantilal Daga	Mahender Chand Chordia	Director
Partner	Prakash Chand Jain	Director
Membership No. 11617	Rahul Jain	Executive Director
	M Vishwanatha Reddy	Chief Financial Officer
Place : Secunderabad	Sanjay Daga	G. M. – Accounts
Date : 22.05.2013	Chinmoy Patnaik	Company Secretary

Financial information of subsidiary company given pursuant to General Circular No. 2/2011, issued by Ministry of Corporate affairs, for availing exemption from enclosing of Balance sheet, Statement of Profit & Loss, Directors, Auditors and other reports related to the subsidiary:

Name of the subsidiary company:		Pokarna Engineered Stone Limited	
Reporting currency:		Rupees in Lacs	
		31.03.2013	31.03.2012
1.	Capital	10.00	10.00
2.	Reserves	(7490.70)	(6461.91)
3.	Total assets	24165.13	24372.26
4.	Total liabilities	24165.13	24372.26
5.	Investments	Nil	Nil
6.	Turnover	4754.42	4098.65
7.	Profit before taxation	(1028.79)	(3194.79)
8.	Provisions for taxation	Nil	Nil
9.	Profit after taxation	(1028.79)	(3194.85)
10.	Proposed dividend	Nil	Nil



POKARNA LIMITED

Regd. Office: First Floor, Surya Towers, 105, Sardar Patel Road, Secunderabad-500 003

ATTENDANCE SLIP

Please fill attendance slip and hand it over at the entrance of the Meeting Hall

DP Id* _____

Client Id* _____ Master Folio No. _____

Name and Address of the Shareholder _____

No. of Share(s) _____

I hereby record my presence at the 22nd Annual General Meeting of the company held on **17th September, 2013, Tuesday, at 10.30 a.m., at Hotel Vivanta, by Taj, Opp. Hyderabad Public School, Begumpet, Hyderabad.**

Signature of the Shareholder or Proxy

* Applicable to investors holding shares in electronic form.



POKARNA LIMITED

Regd. Office: First Floor, Surya Towers, 105, Sardar Patel Road, Secunderabad-500 003

PROXY FORM

DP Id* _____

Client Id* _____ Master Folio No. _____

I/We _____ of _____ being

Member(s) of Pokarna Limited hereby appoint _____ or

_____ or failing him/her _____ of

_____ or failing him/her _____ of

_____ as my/our Proxy to vote on my/our behalf at the 22nd Annual

General Meeting of the company to be held on Tuesday the 17th day of September, 2013 at 10:30 A.M. or at any adjournment thereof.

Signed this _____ day of _____ 2013.

* Applicable to investors holding shares in electronic form.

Affix
Re. 1
Revenue
Stamp

Note:

1. The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
2. Members holding shares under more than one folio may use photocopy of this folio. The Company shall provide additional forms on request.

A glimpse of campaign for Stanza shirts & trousers

