

*“If you would hit the mark,
you must aim a little above it;
every arrow that flies
feels the attraction of the earth.”*

– Henry Longfellow

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BOARD OF DIRECTORS

Mr. Gautam Chand Jain, *Chairman & Managing Director (w.e.f 30th July, 2004)*

Mr. Prakash Chand Jain, *Director*

Mr. M.Yugandhar, *Director*

Mr. T.V. Chowdary, *Director*

Mr. Vinayak Rao Juvvadi, *Director*

Mr. Mahender Chand Chordia, *Director*

Mr. Dhanjibhai Sawla, *Director*

Mr. Rahul Jain, *Executive Director (w.e.f. 30th July, 2004)*

Mr. Siddharth Jain, *Executive Director (w.e.f. 30th July, 2004)*

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COMPANY SECRETARY

Mr. Paras Jain

.....●.....

AUDITORS

M/s Rao, Reddy & BVS Prakash, Chartered Accountants, Hyderabad

.....●.....

BANKERS

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

.....●.....

REGISTERED & CORPORATE OFFICE

First Floor, Surya Towers,

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

Tel: 91-40-27842182, 27844101, 27897722

Fax: 91-40-27842121

Email: contact@pokarna.com

Website: www.pokarna.com

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FACTORIES

Survey No.123, Toopranpet (Village),

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

Survey No. 563, 568 & 574,

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

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

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

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13th ANNUAL GENERAL MEETING

Date: 30th September, 2004 • Time: 10:00 a.m.

Place: Hotel Grand Kakatiya Sheraton & Towers, Begumpet, Hyderabad

DIRECTORS' REPORT TO THE SHAREHOLDERS



Your Directors have pleasure in placing before the Stakeholders', the 13th Annual Report and Audited Accounts for the year ended March 31, 2004.

Working Results

The Financial Highlights are summarized below:

Particulars	Amount in Rupees	
	2003-2004	2002-2003
Total Income	113,54,11,545	100,25,27,585
Less: Expenditure	96,03,94,431	79,77,40,843
Profit/(Loss) before Tax	17,50,17,114	20,47,86,742
Provision for Taxation	2,32,81,171	1,85,02,285
Net Balance of Profit	15,17,35,943	18,62,84,457
Balance of Profit brought over from previous year	34,12,13,816	20,77,14,029
Appropriation		
Interim / Proposed Dividend	2,17,02,800	3,10,04,000
Corporate Dividend Tax	27,80,671	27,80,671
Transfer to General Reserve	1,52,50,000	1,90,00,000
Balance carried to Balance Sheet	45,32,16,288	34,12,13,816

2. MANAGEMENT DISCUSSION AND ANALYSIS

a. INDUSTRY STRUCTURE AND DEVELOPMENT

Granites:

India is one of the leading countries in the production and export of granite and other stones. Granite is a very hard crystalline, igneous or metamorphic rock primarily composed of feldspar, quartz and lesser amounts of dark minerals. These varieties are used to produce monuments, building slabs, tiles, surface plates, etc. About 110 variety of granites have been identified for processing as products for exports. The deposits are widely spread over the entire country. However, popular varieties are mainly found in South India.

Your Company is the largest exporters of Granite slabs from India dealing in over 55 premium colors and exporting more than 110 containers every month to the most reputed companies all over the world. We have our own quarries apart from two state of the art units processing both slabs and tiles. Besides Indian stones, your Company also process rough granite from other countries.

Apparels:

Textiles and clothing sector is the largest employer after agriculture and its importance in India's economy is recognized for its contribution to industrial production and export earnings. With the removal of Quantitative Restrictions and scheduled dismantling of tariff barriers by the end of 2004, the industry will be required to achieve a competitive strength for its survival in the global environment. In the globally integrated scenario new opportunities will emerge for the Indian textile industry while challenges in the form of credible threat of imports would also arise. The key to success will be a transformed mindset of the industry to get rid of technological obsolescence and pave way for modern industrial base. The garment industry comprises manufacturers of ready-made garments for either the domestic or export markets or, in certain cases, both. The constituents of this segment are very diverse in terms of their size, production facility, the type of apparel manufactured, the quality of output, fabric requirement, price sensitivity etc.

Post Quota Regime 2005 scenario

With January 2005, WTO provisions will come into force, and there will be no quota restrictions in any of the 137 exporting countries. A free-for-all regime will emerge. Then, only garment exporters, who are able to provide the best quality at the cheapest price, will succeed.

b. OPPORUNITIES and THREATS

Granites:

Opportunities

Andhra Pradesh is one of the largest producer of granites in the country, 17 out of 23 districts have several occurrences of different varieties of granites. Jet black, Black Galaxy, Blue and White coloured are exclusive varieties in the international market. There are a number of unexplored areas in the state, which contain

workable and marketable deposits, Central and state Geological agencies have started exploration to identify new varieties and areas. Vast scope exists for development of granite industry in the state. The Govt. of Andhra Pradesh has the most progressive policy for granites in the country. World's rare and exclusive variety of black Galaxy Granite occur in Chimakurthy- Prakasam district. Your Company has almost all its quarrying operations in the State of Andhra Pradesh with Black Galaxy being the premium of all.

There is still an irrepressible attraction to the beauty of natural stone, which is proven by the expansion of the world's market. It's important that stone be made accessible, both in terms of market and in terms of image. Stone must look natural in all respects, and it must also be easy and close to the end consumer. But all this needs to be done in keeping with its value and features, which have gone with it all through its history.

The market potential is abundant and there are excellent prospects for the Indian granite industry to get its due share in the world market. The professional and realistic approach towards solving the practical problems and careful planning of facilities by the Industry and Government can make India the leading exporter of the world market.



At Pokarna it is believed 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.

We have challenging years ahead but the potential for growth is beyond any reasonable doubt.

Threats

There is also the continued marketing campaign being conducted against natural stone by the Ceramic Industry, which imitates the beauty of stone and boasts that they have the same attractiveness but none of their faults. This campaign contains all of the threats that an organized and cohesive industrial sector can pose to a small and objectively weaker one. But for the stone sector, this also acts as an indirect confirmation of the potentials that still exist in the tiling , flooring market and engineering stone.

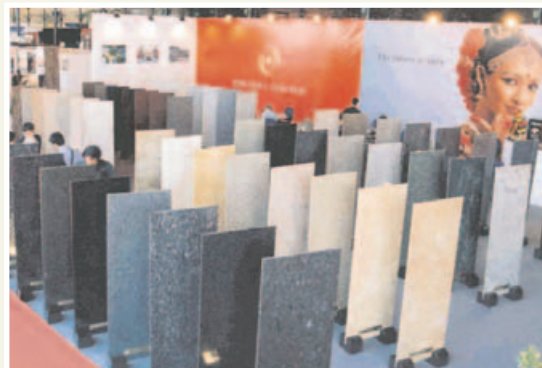
Apparels:

Opportunities

- Growing market
- Multifibre raw material base
- High labour cost in developed countries
- Large domestic market
- Quota absence after 2004

Threats

- Technological obsolescence
- High Import tariffs (40-65%)
- Non-proximity to markets
- Emerging Competition



c. SEGMENT WISE PERFORMANCE

Company operates in two segments namely, Granite and Apparels. Since the Apparels division of the Company had commenced commercial production on 25th March, 2004, its performance vis-à-vis, the Granites division is not comparable. The financials for the said divisions of the Company are as under

Particulars	(Rs. in Lacs)	
	Year ended 31.03.2004	Year ended 31.03.2003
1. Segment Revenue		
a) Granites	11178.38	10052.24
b) Apparels	2.02	0.00
Gross turnover	11180.4	10052.24
Less: Inter-segment revenue	57.32	0.00
Less: Excise Duty recovered on sales	77.71	40.32
Gross sales / Income from operations	11045.37	10011.92
2. Segment Results		
a) Granites	2148.65	2423.25
b) Apparels	-1.09	0.00
Total	2147.56	2423.25
Less: i) Interest	397.39	375.38
ii) Other un-allocable	0.00	0.00
Total Segment Profit Before Tax	1750.17	2047.87
Less: i) Provision for current tax	152.95	171.46
ii) Provision for deferred tax	79.86	13.56
Profit after tax	1517.36	1862.85
3. Capital Employed		
(Segment Assets-Segment Liabilities)		
a) Granites	5139.25	4642.16
b) Apparels	950.79	0.00
c) Other Unallocable	11.50	11.50
Total Segment Capital Employed	6101.54	4653.66

d. OUTLOOK

Outlook for both the segments in which Company operates is encouraging. Focus of the Company in both the segment has been to improve sales realization and to implement cost cutting measures to the maximum extent possible.

Granite

India, which is blessed with various types of unique colours and large deposits of granite, is certain to get its due share in the ever-growing world market. Many countries are worried about the strong entrance of China in the market but the fact is that China landed up importing more rough blocks and finished products due to high domestic demand. It is widely expected that with the Olympics 2008 awarded to Beijing, China will import more of blocks, slabs and tiles and export less of them outside.

The world wide improvement of transportation system with more and more bulk vessels will also help many countries to import more thereby boosting our exports.

The market potential is abundant and there are excellent prospects for the Indian granite industry to get its due share in the world market. The professional and realistic approach towards solving the practical problems and careful planning of facilities by the Industry and Government can make India the leading exporter of the world market. We have challenging years ahead but the potential for growth is beyond any reasonable doubt.

Apparels

The Garmenting business is a fragmented industry. There are sourcing hubs all around the world. Each with its own plus points. Some have favored duty structures and some have inherent strengths in the price quality equation. The Quotas till now have restricted the export volumes, But Post 2004, quota abolition will give way to free market principles. Only the best players will survive in the Garmenting business.

India, in such a scenario has inherent advantages of fine cotton production coupled with cheap labor. These shall show India the way to higher garment exports, with major garmenting hubs coming up. This is

evident from the foresight of many of the leading brands and retailers from the world over, who are setting up buying offices in India estimating India's potential in the near future.

e. RISKS AND CONCERNS

PRODUCTIVITY

The main problem of Granite Mining Industry in India is the low productivity and high wastage. The granite mining industry in India is far behind in terms of productivity compared to countries like Italy, Brazil, Spain, Norway, South Africa etc. The low productivity is mainly due to conventional methods of mining adopted at present

Mitigant: Your Company is fast in adopting the use of wire saws and slot drilling instead of conventional blasting burner. Mechanisation of Company's Quarries with modern machines and new techniques will increase the production of defect free blocks. This will result in high productivity and production of defect free blocks with less wastage.

LABOUR MANAGEMENT

The low productivity per worker and less man-hour utilisation is another problem. The lack of exposure to modern quarrying and training for the Indian workers is a major reason for the low productivity of the workers.

Mitigant:

Company's field supervisors' train and educate the work force, which helps to a great extent

AVAILABILITY OF BLOCKS

The major problem is the non-availability of best quality blocks for the processing. As exporting of blocks is more advantageous due to high value realization and tax benefit, the processing companies are finding it difficult to buy certain colour granite blocks as per their requirement. The first quality blocks, which are free from defects and larger in size, are always given preference for exports.

Mitigant:

Company has its own captive quarries and hence is able to get best of the Blocks for Export. The Company has also tied up with the other quarry owners for supply of Blocks.

EXPLORING NEW AREAS

As per the geological survey, India has a vast area of abundant granite deposits of various colours that are still to be explored.

Mitigant: Every effort is made by the Company to improve the company's share in the world market by exploring new areas.

INFRASTRUCTURE DEVELOPMENT

The existing infrastructure to meet the needs of the stone sector in India is extremely poor and inadequate for the growing demand. Transport strike during April – May 03 hit the economy very badly. Your Company would also be effected by such strikes for a short period.

Mitigant: Company has at its quarries and its own energy generation devices. With the existence of ICD facilities at Hyderabad, despatches of the containers are not effected much.

POST 2004 SCENARIO

'Life after 2005' is a big question which is hanging over the Apparels Industry around the world. The equations in the industry which is more determined by Quotas will come to an end on 31st December 2004. On this day, the Agreement on Textile & Clothing will end and along with it the 'Quota System'. It means that from the 'New Year Day' of 2005, the Clothing sector will be fully integrated into the GATT

Mitigant:

India has been described as a growing modern nation with warm tropical climate and secular outlook, with huge potential based on hard-core facts on the apparels industry and the confidence that international buyers have placed on India over the years, and has been termed as the major sourcing destination in the world. It is indeed an exciting phase in the evolution of the apparels industry in India, and to fulfill all the international specifications on labour and environment and provide the impetus for greater productivity and capacity.

We are cautiously optimistic about the future and feel that our committed team will meet the challenges of an extremely competitive environment.

CURRENCY FLUCTUATION

Being predominantly engaged in Exports, your Company is exposed to the risk of foreign exchange fluctuation.

Mitigant: While all possible steps are taken to contain and minimize losses, the Company cannot completely avoid, the negative effect of currency volatility.

COMPETITION

There are many companies competing with each other which ultimately leads to price cutting and price war.

Mitigant: The Company has to be alert to the market requirements, pricing, credit period and discount etc.

CREDIT RISK

While the Company conducts business with selected credit worthy parties, in some situations, beyond the control of the Company certain irrecoverable receivables may arise.

FIRE, EXPLOSION AND THEFT RISK

The Company is conscious of the risk inherent in these areas. Apart from hedging through underwriters, regular follow up and safety measures taken by the Company should also reduce the risk on this count.

f. INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has a well-established internal control system in all functional areas, and this is reviewed periodically. This system is further reinforced by an independent audit.

g. FINANCIAL PERFORMANCE OF THE COMPANY / OPERATIONS

Turnover for the year was Rs. 11102.69 Lacs, recording a growth of 10.89% over the corresponding period in the previous year, which was at Rs. 10011.93 Lacs. Net Profit after tax for the year stood at Rs. 1517.36 Lacs. EPS for the year was Rs. 24.47. However the net profit of the Company was lower mainly on account of foreign exchange fluctuation.

h. HUMAN RESOURCES

The company has continued to strengthen its Human Resource practices and has maintained industrial harmony at all its facilities. There have been no violations or industrial unrest resulting in loss of production during the year under review.

3. DIVIDEND

The Board of Your Company had declared an interim dividend of Rs.1.50 per share in September, 2003. Your directors recommend a final dividend of Rs. 2.00 per share for the approval of the members. With the approval of the final dividend, the total dividend out flow would be Rs. 3.5 per share for the year under review.

4. DIRECTORS / MANAGEMENT RESPONSIBILITY STATEMENT

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

- i) 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;
- ii) That they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- iii) That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) That they had prepared the annual accounts on a going concern basis.

5. AUDIT COMMITTEE

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

6. CORPORATE GOVERNANCE

A separate report on Corporate Governance as prescribed by the Listing Agreement of the relevant Stock Exchanges forms part of the Annual Report 2003-2004 along with the Auditors' statement on its compliance. Management Discussion and Analysis provided herein form a part of this Annual Report.

Pursuant to the requirement of the Listing Agreements with the Stock Exchanges and the Accounting Standards in terms of Section 211 (3A) of the Act, 'Related Party Transactions' (AS-18), and "Deferred Taxation" (AS-22) have been incorporated in and/or annexed with these Accounts.

7. AUDITORS

Messrs. Rao, Reddy & BVS Prakash, Chartered Accountants, retire as auditors of the Company and have given their consent for re-appointment. The shareholders will be required to elect auditors for the current year and authorize Board to fix their remuneration.

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

8. DIRECTORATE

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

Dr. J W Aurangabadkar, Mr. G Krishna Rao, Mr. A. Ramachandra Rao and Mr. B.V.S. Prakash resigned from the Board of Directors of the Company w.e.f 17th March, 2004, 3rd May, 2004, 30th July, 2004 and 30th July, 2004 respectively.

9. CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement with Stock Exchanges, the cash flow statement for the period 2003-04 is annexed hereto.

10. FIXED DEPOSIT

During the history of the Company, it has not accepted any fixed deposits and as such no amount of principal or interest was outstanding on the date of the Balance Sheet.

11. AWARDS AND ACCOLADES

Your Company was conferred 1st & 2nd Prize for Export Performance in Granite Sector for the year 2002-2003 by the Visakhapatnam Special Economic Zone under the aegis of Ministry of Commerce, Govt. of India.

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

12. PERSONNEL

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

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

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

FORM B

(Disclosure of particulars with respect to Technology Absorption)

Research and development (R & D)

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

The Company maintains a high level of information flow with various companies. Through visits of Executives to developed countries, the Company keeps abreast with the advanced Technology Developments and through specific programmes introduces, adopts and absorbs these sophisticated technologies. This has resulted in higher production, accuracy and perfection in cutting, polishing, etc.

Your Company is at present exporting to the USA, Europe, Australia, New Zealand, Palestine and China. Your Company is continuously exploring possibilities of exporting to different markets.

During the period under review:

- a) the foreign exchange earnings by the Company was Rs. 9274.12 Lacs
- b) the foreign exchange expenditure (which includes import of raw materials, spares, etc.) was Rs. 3284.53 Lacs.

14. CAUTIONARY STATEMENT

Statements in this Report, particularly those which relate to Outlook, Diversification and Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations are mere assessments and this may constitute "forward looking statements" within the meaning of applicable laws and regulations, if any. Actual results might differ materially from those either expressed or implied

15. ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place : Secunderabad
Date : 30th July 2004

Gautam Chand Jain
Chairman & Managing Director

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2003-04



Pokarna typically defines Corporate Governance as the system that allocates duties and authority among the company's Board of Directors. The end result of Good Corporate Governance is intended to be a well run, efficient company that identifies and deals with its problems in a timely manner, creates value for its Shareowners', and meets its legal and ethical responsibilities.

At Pokarna, our commitment to strong, responsible corporate governance begins with our Board of Directors. Each Board member is vitally concerned that we preserve the integrity that has characterized our company.

It's no surprise that we at Pokarna take the issue 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.

At Pokarna it is believed 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. At Pokarna Limited, that's exactly what we do.

Composition and Meetings of the Board

As at 31st March 2004, Pokarna Limited had 12 Directors on its Board, of whom 6 are Non Executive Directors. The Company has 6 Independent Non Executive Directors. Mr. Gautam Chand Jain, One of the promoters of the Company is Executive Chairman of the Company. Pokarna therefore, meets the criterion of at least One Third of the Board consisting of Independent Directors. It is believed that the Composition of the Board is balanced, consisting of Qualified Executive and Independent / Non Executive Directors. All the Directors of the Company have rich and varied experience in the areas of Finance, Law, Business, Industry, etc. None of the Director is a Member of more than Ten Board Level Committee of Public Companies, or is a Chairman of more than five such committees. Dr. J W Aurangabadkar, Mr. G Krishna Rao, Mr. BVS Prakash and Mr. A Ramachandra Rao resigned from the Board of Directors of the Company w.e.f 17th March, 2004 , 3rd May, 2004, 30th July, 2004 and 30th July, 2004 respectively.

The names and categories of the Directors on the Board, as also the number of Directorships and Committee Memberships held by them in other Companies are given below:

Director	Category of Director	No. of Directorships	No. of Memberships Chairmanships of other Board Committee
Mr. Gautam Chand Jain	Promoter – Executive Non Independent	4	–
Mr. Prakash Chand Jain	Promoter – Non Executive Non Independent	3	–
*Mr. G Krishna Rao	Executive Non Independent	1	–
*Mr. A Ramchandra Rao	Executive Non Independent	1	–
*Mr. BVS Prakash	Executive Non Independent	2	–
**Mr. Rahul Jain	Non Executive Non Independent	1	–
Mr. M Yugandhar	Non Executive Independent	12	–
Mr. T V Chowdary	Non Executive Independent	5	4 – Membership
Mr. Vinayak Rao Juvvadi	Non Executive Independent	2	–
Mr. Mahender Chand Chordia	Non Executive Independent	3	–
Mr. Dhanjibhai Sawla	Non Executive Independent	2	–
*Dr. J W Aurangabdkar	Non Executive Independent	3	–

(* Resigned from the Board of the Company)

(** Mr. Rahul Jain is an Executive Director w.e.f. 30th July, 2004)

There were Six Board Meetings held during 2003-2004. The intervening period between the Board Meetings was well within the maximum time gap of Four Months prescribed in Clause 49. The Minimum information as required under clause 49 of the Listing Agreement is being made available to the Board and is complied with. Details of the Board Meeting held during the year are as under:

Serial No.	Date
1	28-06-2003
2	31-07-2003
3	27-09-2003
4	23-10-2003
5	24-01-2004
6	17-03-2004

Attendance of Directors at the Board Meetings and Annual General Meeting

Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. Gautam Chand Jain	6	Yes
Mr. Prakash Chand Jain	4	No
*Mr. G Krishna Rao	3	Yes
*Mr. A Ramchandra Rao	6	Yes

*Mr. BVS Prakash	6	Yes
Mr. M Yugandhar	3	Yes
Mr. T V Chowdary	4	Yes
Mr. Rahul Jain	4	Yes
Mr. Vinayak Rao Juvvadi	5	Yes
Mr. Mahender Chand Chordia	5	Yes
Mr. Dhanjibhai Sawla	5	Yes
*Dr. J W Aurangabadkar	3	Yes

(* Resigned from the Board of the Company)

Audit Committee

The Audit Committee consists of Three Non Executive Directors out of which Two Directors are Independent. The Chairman of the Committee is Mr. M Yugandhar, an Independent Director, who is Managing Director of Karvy Consultants Limited and is a Fellow Member of the Institute of Chartered Accountants of India. The other Members of the Committee are Mr. T V Chowdary (Independent Director), Retired Director, Department of Mines and Geology, Hyderabad and *Mr. Rahul Jain a Graduate from University of Michigan, USA. Paras Jain, Company Secretary and Compliance Officer of the Company acts as the Secretary of the Audit Committee.

(*Mr. Rahul Jain is an Executive Director w.e.f. 30th July, 2004)

At the Annual General Meeting held on 27th September, 2003, the Chairman of the Audit Committee, Mr. M Yugandhar was present.

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 assets and adequacy of provisions for all liabilities.
- Reliability of Financial and other management information and adequacy of disclosures.
- Compliance with all relevant statutes.

The role of the Committee includes the following:

- a) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c) Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- f) Discussion with internal auditors on any significant findings and follow up there on.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h) Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i) Reviewing the company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- K) Considering such topics as may be required by the Board
- L) Reviewing any other areas which may be specified as role of the Audit Committee under specified as role of the Audit Committee under specific amendments, if any, from time to time, to the Listing Agreement, Companies Act and other Statutes.

Details of Audit Committee Meetings held during the year:

1	28-06-2003
2	23-10-2003
3	24-01-2004

Representatives of Statutory Auditors, Manager Finance, Manager Accounts and Internal Audit are being invited as and when required.

Remuneration Committee

Remuneration Committee consists of the following:

Mr. T V Chowdary, Chairman
 Mr. Prakash Chand Jain, Member
 Mr. Rahul Jain, Member

The Remuneration Committee recommends to the Board, the Compensation of the Directors of the Company keeping in view Company's Financial Status, past performance, past remuneration.

The Remuneration Committee met once during the year on 1st July 2003 and 27th July 2003.

The Independent and Non Executive Directors are paid sitting fees of Rs. 2000 per meeting attended as remuneration. In terms of the shareowners' approval obtained at the Annual General Meeting on 17th September 2001, Commission not exceeding 1% per annum of the profits of the Company can be paid to the Non Executive Directors of the Company. For the year 2003- 2004 Rs. 9.80 Lacs has been provided as Commission to Non Executive Directors.

Directors

Name	Salary	Contri- bution to provident and other funds	Perquisites and incentives	Director Sitting fees	Comm- ission	Rs. in Lakhs	
						Total 31.03.04	Total 31.03.03
Chairman:							
Gautam Chand Jain	27.00	0.07	2.24	0.04		29.35	16.05
Managing Director:							
*G.Krishna Rao	36.00	0.09	0.72	—		36.81	19.13
Executive Director:							
*A.Ramachandra Rao	36.00	0.09	0.45	—		36.54	18.47
Executive Director:							
*B.V.S.Prakash	36.00	0.09	0.67	—		36.76	18.46

Director:							
Prakash Chand Jain		0.10	1.30	1.40	0.86		
Director:							
Rahul Jain		0.10	1.30	1.40	1.33		
Non-wholetime Independent Directors:							
M.Yugandhar		0.06	1.30	1.36	1.75		
T.V. Chowdary		0.06	1.30	1.36	1.31		
Vinayak Rao Juvvadi		0.10	1.30	1.40	0.43		
Mahender Chand Chordia		0.10	1.30	1.40			
DhanjiBhai Sawla		0.10	1.30	1.40			
*Dr. J.W.Aurangabadkar		0.06	0.70	0.76			
Total	135.00	0.34	4.08	0.72	9.80	149.94	77.79
Previous Year	54.00	0.27	1.79	0.46	21.27	77.79	57.77

*Resigned from the Board of the Company.

Presently, the Company does not have a scheme for grant of Stock Options either to the Executive Directors or Employees.

The Agreement with the Executive Chairman is for a Period of Five Years. Either party to the agreement is entitled to terminate the agreement by giving not less than Three Months Notice in writing to the Other Party.

There is no separate provision for payment of severance fees under the resolution governing the appointment of Executive Chairman. The Statutory provisions however will apply.

SHAREHOLDERS' GRIEVANCE COMMITTEE

The investors Grievance Committee of the Company under the nomenclature 'Shareholders Grievance Committee' oversees redressal of Shareowners grievances, and approves sub division, transmission, issue of duplicate shares etc.

The Shareholders Grievance Committee comprises three directors with all of them being Non-executive Directors. Mr. TV Chowdary is Chairman of the Committee and Mr. M Yugandhar and Rahul Jain are the other Members. Mr. Paras Jain is the Company Secretary and Compliance Officer.

During the year, 19 Complaints regarding non-receipt of shares sent for transfer, demat queries, and non-receipt of the dividend warrant were received from the shareowners' all which have been resolved. The Company had no transfer pending at the close of the financial year.

General Body Meetings

The Location and time of last three Annual General Meetings are as follows:

1. Date of Meeting

17.09.2001

Location, time and types of Resolutions

10th Annual General Meeting at Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad at 10:30 am

There were six resolutions (Three Special resolution)

Voting

All the resolutions were put to vote by show of hands and all the resolutions were carried unanimously.

2. Date of Meeting

31.08.2002

Location, time and types of Resolutions

11th Annual General Meeting at Hotel Grand Kakatiya, Sheraton Towers, Begumpet, Hyderabad at 10: 30 am

There were Eleven resolutions (Six Special resolution)

Voting

All the resolutions were put to vote by show of hands and all the resolutions were carried unanimously.

3. Date of Meeting

27.09.2003

Location, time and types of Resolutions

12th Annual General Meeting at Hotel Grand Kakatiya, Sheraton Towers, Begumpet Road, Hyderabad at 10:00 am

There were Seventeen resolutions (Three Special resolution)

Voting

All the resolutions were put to vote by show of hands and all the resolutions were carried unanimously.

Disclosures

Disclosure on materially significant related party transactions i.e., transactions of the Company of material nature, with its founders, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.

Details are provided in Note 18 under Schedule 22 to the Notes forming part of the Accounts in accordance with provisions of Accounting Standard 18.

Details of non-compliance by the Company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None

Code of Conduct for Prevention of Insider Trading

In compliance with the SEBI (Prevention of Insider Trading) Regulations, 1992, the Company has framed a code of conduct for prevention of Insider trading by Company insiders.

We further more affirm that no personnel was denied access to the Audit Committee.

VIII. Means of Communication

Quarterly results – which newspapers normally published in; any website, where displayed; whether it also displays official news releases; and the presentations made to institutional investors or to the analysts.

- The quarterly results are generally published in Business Standard, Andhra Bhoomi.

Quarterly financial results and half yearly financial results of the Company are not sent to each household of the shareholders. The Company ensures that its financial results are sent to the concerned Stock Exchanges immediately after the same have been considered and taken on record by the Board of Directors.

website: www.pokarna.com.

No presentation is made to analyst.

Whether the Management Discussion and Analysis section is a part of the Annual Report or not

Yes

General Shareholder Information

- a) 13th Annual General Meeting of the Company will be held on 30th September, 2004 at 10:00 A.M.
- b) The financial calendar of the Company is from 1st April to 31st March every year.
- c) For the purpose of dividend declaration, the Register of Members and Share Transfer books of the Company will remain closed from 8th September, 2004 to 10th September, 2004 (both days inclusive). Dividend shall be paid to the members after 30th September, 2004.
- d) The Equity Shares of the Company are listed / traded at the following Stock Exchanges:
 - The Stock Exchange, Mumbai
 - The Hyderabad Stock Exchange
 - The Madras Stock Exchange

- e) The Stock exchange Mumbai – 532486 (Scrip Code)
 – INE637C01017 (ISIN For Demat)

The Hyderabad Stock Exchange– INE637C01017 (ISIN For Demat)

The Madras Stock Exchange – INE637C01017 (ISIN For Demat)

- f) Stock Market Data at BSE for the period 1st April, 2003 to 31st March, 2004

High and low quotations of shares every month traded at the Stock Exchange, Mumbai are as follows:

Month	High	Low
April, 2003	54.50	50.00
May, 2003	59.70	58.75
June, 2003	72.90	56.50
July, 2003	85.65	71.45
August, 2003	84.10	65.80
September, 2003	96.00	74.05
October, 2003	78.75	71.50
November, 2003	75.35	70.00
December, 2003	92.55	74.15
January, 2004	133.85	91.55
February, 2004	102.00	91.50
March, 2004	94.00	74.00

- g) Distribution of Shareholding as on 31st March, 2004.

No. of Equity Shares held as at 31.03.2004	No. of shareholders as at 31.03.2004
Upto 5,000	1183
5,001 to 10,000	23
10,001 to 20,000	16
20,001 to 30,000	11
30,001 to 40,000	2
50,001 to 100,000	12
100,001 & above	10
Total	1257

Karvy Computershare Pvt. Ltd. is the Registrar & Share Transfer Agent of the Company and its office is located at 21, Avenue 4, Street No. 1, Banjara Hills, Hyderabad. Contact Person: – Mr. K S Reddy / Mr. Jayaraman/ Mrs. Varalakshmi.

All Correspondence in regard to Share Transfer should be addressed to the Registrar and Share Transfer Agents. Any correspondence with regard to Dividend, etc., to be addressed to the Company

Following is the procedure for transfer of physical share certificates:

- Entry of share certificates in the computer on receipt thereof in the office.
- Scrutiny of transfer deeds.
- Tallying of transfer's signature with the specimen signature available with the Registrar and Share Transfer Agent.
- Data entry of transfer deeds.
- Preparation of objection memos and notices in respect of un-transferred shares.
- Generation of check list for valid and invalid transfer deeds.
- Correction of data in the computer system on the basis of changes marked in the check list.
- Recording of transfer of shares in the computer system.
- Taking of approval from the Company by the Registrar and Share Transfer Agent
- Endorsement and signatures on the reverse side of the share certificates.
- Generation of covering letters for the transferred share certificates and dispatch of transferred share certificates, objection memos and notices by registered post

Following is the procedure for dematerialisation of shares –

- Entry of the share certificates and the dematerialisation request form in the computer.
- Scrutiny of the share certificates and the dematerialisation request form in the computer.
- Tallying of signature of the shareholder on the dematerialisation request form with the specimen signature available with the Registrar and Share Transfer Agent.
- Data entry of transfer deeds.
- Generation of check list.
- Change of shares from physical to demat mode.

Send confirmation to NSDL or CDSL, as the case may be.

h) Dematerialisation

The Shares of the Company are compulsorily traded in dematerialized form and are available for trading under both the Depository Systems in India– NSDL and CDSL. As on 31st March 2004, a Total of 57,13,265 Ordinary shares of the Company, which forms 92.14 % of the Share Capital of the Company stands dematerialised.

i) Outstanding GDR's / ADR's / Warrants or any convertible instruments, conversion date and likely impact on Equity.

Not Applicable as the Company has not issued any of the above instruments

j) Location of the Quarries and Factories of the Company

Quarries

Survey No. 980/ 3 & 5 R L Puram Chimakurthy-523226 Andhra Pradesh	Survey No. 980/2 R L Puram Chimakurthy-523226 Andhra Pradesh	Survey No. 988/1 R L Puram Chimakurthy-523226 Andhra Pradesh	
Survey No. 115/3 R L Puram, Chimakurthy-523226 Andhra Pradesh	Survey No. 906 Madikonda Village Kazipet Andhra Pradesh	Survey No. 103 Konidena Village Ballikurva Andhra Pradesh	Survey No. 52 Tekkali Village Srikakulam Dist Andhra Pradesh

Manufacturing Plants

Survey No. 123 Toopranpet Village Choutuppal Mandal Nalgonda District Andhra Pradesh	Survey No. 563,568 & 574 Aliabad Village Shameerpet Mandal R R Dist Andhra Pradesh	Survey No. 33,39,50,51,55,68&69 Apparels Export Park Gundlapochampally Village Medchal Mandal R R District, Andhra Pradesh
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k) Address for Correspondence

- i. Karvy Computershare Private Limited is the Registrar & Share Transfer Agent of the Company and its office is located at 21, Avenue 4, Street No. 1, Banjara Hills, Hyderabad. Contact Person: Mr. K S Reddy / Mr. Jayaraman / Mrs. Varalakshmi.
- ii. For any other information, the shareholders may contact: Paras Jain, Company Secretary & Compliance Officer at the Registered Office of the Company at: First Floor, 105, Surya Towers, Sardar Patel Road, Secunderbad-500 003 at the following numbers:

Phone Numbers : 040 2789 7722, 040 2789 6361, 040 5526 6777

Fax Number : 040 2789 2121

e-mail address : shares@pokarna.com

CERTIFICATE



To
The Members,
Pokarna Limited.

We have examined the compliance of conditions of Corporate Governance by Pokarna Limited, for the year ended 31st March 2004, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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 the 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 information and according to the explanation given to us, We Certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no Investor Grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' / Investors' Grievance Committee.

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

For **Rao, Reddy & B.V.S. Prakash**
Chartered Accountants

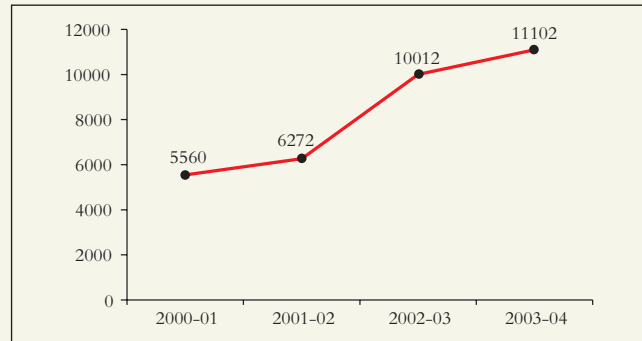
M. Murali Jaganmohan
Partner

Place : Hyderabad
Date : 30th July 2004

YOUR COMPANY'S GROWTH

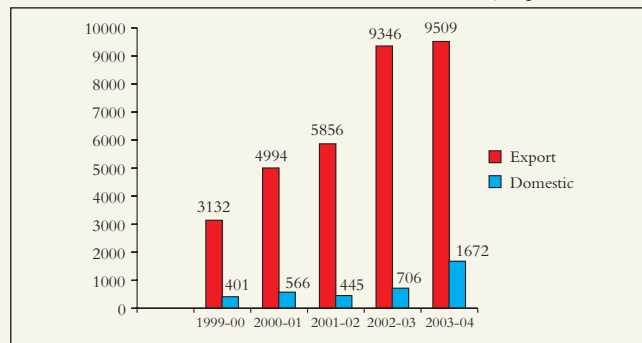
Turnover

(Rupees in Lakhs)



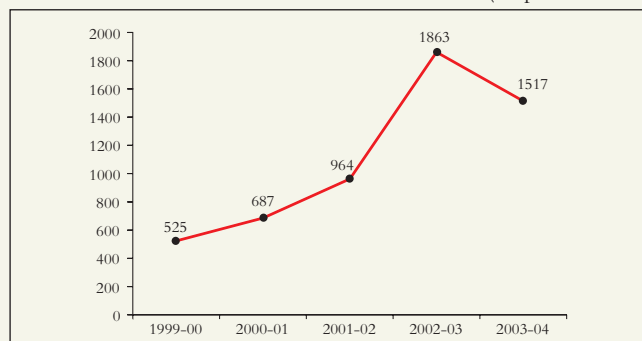
Sales - Export vs Domestic

(Rupees in Lakhs)



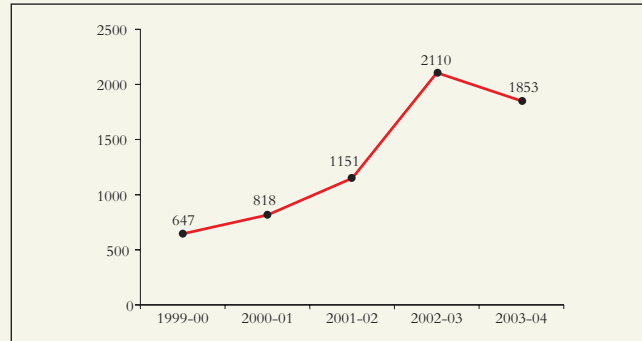
Profit

(Rupees in Lakhs)



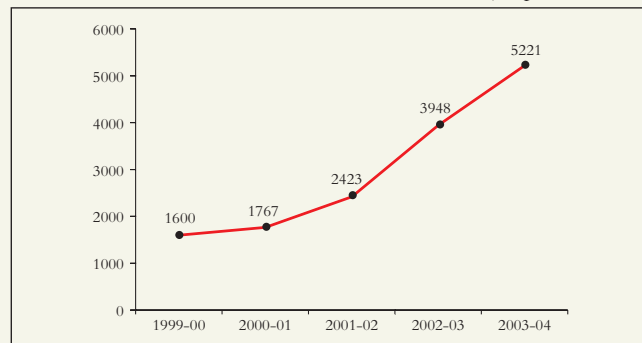
Cash Profit

(Rupees in Lakhs)



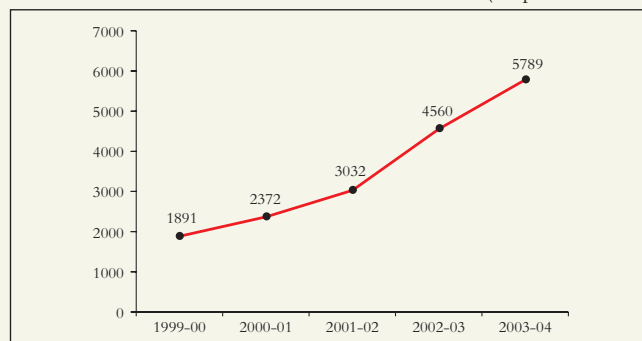
Reserves/Surplus

(Rupees in Lakhs)

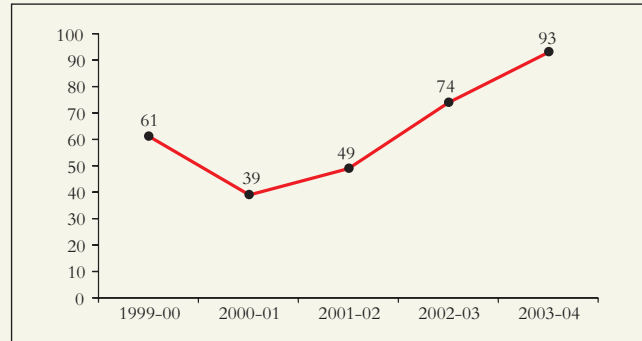


Net Worth

(Rupees in Lakhs)

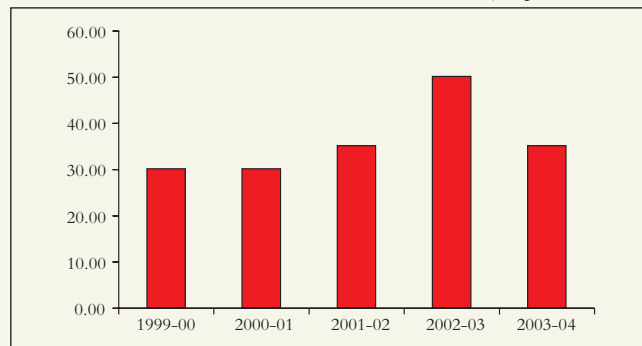


Book Value

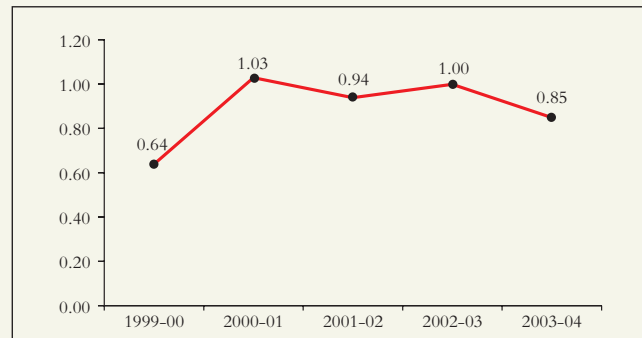


Dividend Paid

(Rupees in Lakhs)



Debt/Share Holders Fund



AUDITORS' REPORT

To

The Members,
Pokarna Limited.

1. We have audited the attached balance sheet of POKARNA LIMITED, as at 31st March 2004, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination for those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors, as on 31st March 2004 and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31st March 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956, 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 31st March 2004;
 - b) in the case of the Profit and Loss Account, 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 **Rao, Reddy & B.V.S. Prakash**
Chartered Accountants

Place : Hyderabad
Date : 19th June, 2004

M. Murali Jaganmohan
Partner

ANNEXURE TO THE AUDITORS' REPORT



Annexure referred to in Paragraph 3 of the Report of the Auditors to the Members of Pokarna Limited for the year ended March 31, 2004:

- (i) (a) The company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- (ii) (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.
- (iii) The company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) 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 purchases of inventory, fixed assets and with regard to the sale of goods. 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.
- (v) (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 give to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Rules framed thereunder are not applicable to the company.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of goods traded by the company.
- (ix) (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, sales-tax, customs duty, investor education and protection fund, wealth tax and any other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, and the records of the company examined by us, the particulars of dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess as at March 31, 2004 which have not been deposited on account of a dispute have been stated in Note 3 on Schedule 24.

- (x) 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 financial year immediately preceding such financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution, bank. The company has not issued any debentures.
- (xii) 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.
- (xiii) The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4 (xiii) of the order is not applicable.
- (xiv) 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.
- (xv) 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.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) 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. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) 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.
- (xix) The company has not issued any debentures. Accordingly, clause 4(xix) of the order is not applicable.
- (xx) The company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the order is not applicable.
- (xxi) 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 Rao, Reddy & B.V.S. Prakash
Chartered Accountants

M. Murali Jagannathan
Partner

Place : Hyderabad
Date : 19th June, 2004

POKARNA LIMITED
BALANCE SHEET AS AT 31st MARCH, 2004

.....●.....

				Amount in Rupees	
	Schedule		As on 31-03-2004		As on 31-03-2003
I. SOURCES OF FUNDS					
1. Share Holders Funds					
a.	Share Capital	1	6,20,08,000	6,20,08,000	
b.	Reserves & Surplus	2	52,20,93,911	58,41,01,911	39,48,41,438
c.	Deferred Tax Liabilities	3	1,72,98,506		93,12,320
2 Loan Funds					
a.	Secured Loans		68,54,32,840		45,65,21,963
Total			<u>1,28,68,33,257</u>		<u>92,26,83,721</u>
II. APPLICATION OF FUNDS					
1. Fixed Assets					
a.	Gross Block		83,95,35,670	46,43,55,355	
b.	Less: Depreciation		12,72,29,422	9,42,30,767	
c.	Net Block	5	71,23,06,248	37,01,24,588	
d.	Capital Work-in-Progress		7,54,385	71,30,60,633	41,69,62,889
2. Investment					
		6	11,50,400		11,50,400
3. Current Assets, Loans & Advances					
a.	Inventories	7	8,66,88,746	8,98,31,678	
b.	Sundry Debtors	8	50,07,81,923	43,42,26,064	
c.	Cash & Bank Balances	9	4,51,66,221	4,63,60,949	
d.	Loans & Advances	10	7,06,90,757	5,90,84,244	
			<u>70,33,27,647</u>	<u>62,95,02,935</u>	
Less: Current Liabilities & Provisions					
a.	Current Liabilities	11	10,72,66,325	8,23,13,252	
b.	Provisions	12	2,86,75,297	4,34,15,109	
			<u>13,59,41,622</u>	<u>12,57,28,361</u>	
Net Current Assets			56,73,86,025		50,37,74,574
4. Misc. Expenditure (To the extent not written off or adjusted)					
		13	52,36,199		7,95,858
Total			<u>1,28,68,33,257</u>		<u>92,26,83,721</u>

The Schedules "1 to 13", Significant Accounting policies (Schedule 24) and Notes on Financial statements (Schedule 25) form an integral part of the Balance Sheet.

As per our report of even date annexed

For and on behalf of Board of Directors

For **Rao, Reddy & B.V.S. Prakash**
Chartered Accountants

Gautam Chand Jain	Chairman
A. Ramachandra Rao	Executive Director
B.V.S. Prakash	Executive Director
M. Yugandhar	Director
Vinayak Rao Juvvadi	Director
Paras Jain	Company Secretary
Sanjay Daga	General Manager-Accounts

M. Murali Jaganmohan
Partner

Place : Secunderabad
Date : 19th June, 2004

POKARNA LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2004

.....●.....

			Amount in Rupees
	Schedule	Year Ended 31-03-2004	Year Ended 31-03-2003
I. INCOME			
a. Sales	14	1,11,02,69,496	1,00,11,92,737
b. Other Income	15	1,90,50,582	20,59,509
c. Increase/(Decrease) in Stock	16	60,91,467	-7,24,661
Total		<u>1,13,54,11,545</u>	<u>1,00,25,27,585</u>
II. EXPENDITURE			
a. Raw Material Consumed	17	22,99,22,498	18,21,90,875
b. Manufacturing & Trading Expenses	18	36,45,15,854	30,59,72,411
c. Purchase of Trading Goods		1,64,39,749	2,87,08,378
d. Payments to and Provision for Employees	19	6,57,77,243	5,00,41,554
e. Administrative Expenses	20	3,02,46,873	2,29,92,301
f. Selling & Distribution Expenses	21	18,01,33,859	14,55,87,250
g. Financial Charges	22	3,97,39,433	3,75,38,186
h. Depreciation	5	3,36,18,922	2,47,09,888
Total		<u>96,03,94,431</u>	<u>79,77,40,843</u>
Profit Before Tax		17,50,17,114	20,47,86,742
Less: Provision For Taxation	23	2,32,81,171	1,85,02,285
Net Profit After Tax		15,17,35,943	18,62,84,457
Balance b/f From The Previous Year		34,12,13,816	20,77,14,030
Available For Appropriation		<u>49,29,49,759</u>	<u>39,39,98,487</u>
Interim/Proposed Dividend		2,17,02,800	3,10,04,000
Corporate Dividend Tax		27,80,671	27,80,671
Transfer to General Reserve		1,52,50,000	1,90,00,000
Balance Carried to Balance Sheet		<u>45,32,16,288</u>	<u>34,12,13,815</u>
		<u>49,29,49,759</u>	<u>39,39,98,487</u>
Earning Per Shares (Rs.) – Basic & Diluted		24.47	30.04
(Face value of Rs. 10 each)			

The Schedules "14 to 23", Significant Accounting policies (Schedule 24) and Notes on Financial Statement (Schedule 25) form an integral part of the Profit and Loss account.

As per our report of even date annexed

For and on behalf of Board of Directors

For **Rao, Reddy & B.V.S. Prakash**
Chartered Accountants

Gautam Chand Jain	Chairman
A. Ramachandra Rao	Executive Director
B.V.S. Prakash	Executive Director
M. Yugandhar	Director
Vinayak Rao Juvvadi	Director
Paras Jain	Company Secretary
Sanjay Daga	General Manager-Accounts

M. Murali Jaganmohan
Partner

Place : Secunderabad
Date : 19th June, 2004

SCHEDULES FORMING PART OF THE BALANCE SHEET



		Amount in Rupees	
		As on	As on
		31-03-2004	31-03-2003
Schedule - 1			
Share Capital			
Authorised:			
1,00,00,000 (1,00,00,000) Equity Shares of Rs. 10/- each of par value		<u>10,00,00,000</u>	<u>10,00,00,000</u>
Issued and Subscribed:			
62,00,800 (62,00,800) Equity Shares of Rs. 10/- each fully paid up		<u>6,20,08,000</u>	<u>6,20,08,000</u>
Total		<u>6,20,08,000</u>	<u>6,20,08,000</u>
Schedule - 2			
Reserves & Surplus			
i. General Reserve			
Opening Balance	4,47,31,623		
Add: Transfer – Profit and Loss Account	<u>1,52,50,000</u>	5,99,81,623	4,47,31,623
ii. Capital Subsidy		15,00,000	15,00,000
iii. Profit and Loss Account			
Opening Balance	34,12,13,816		
Add: Transfer – Profit and Loss Account	<u>11,20,02,472</u>	45,32,16,288	34,12,13,816
iv. Share premium Account		<u>73,96,000</u>	<u>73,96,000</u>
Total		<u>52,20,93,911</u>	<u>39,48,41,439</u>
Schedule - 3			
Deferred Tax Liabilities			
Fixed Assets		<u>1,72,98,506</u>	<u>93,12,320</u>
Total		<u>1,72,98,506</u>	<u>93,12,320</u>
Schedule - 4			
Secured Loans			
i. Term Loans from Bank			
Foreign Currency Loan		8,50,00,431	1,94,14,805
Rupee Loan		<u>15,42,04,026</u>	<u>7,65,51,755</u>
ii. Working Capital Loans from Bank			
Rupee Loan		<u>43,47,36,720</u>	<u>35,15,65,016</u>
iii. Hire Purchase Loans			
a. From Banks			
Rupee Loan		1,14,91,663	89,85,987
b. From Others			
Rupee Loan		0	4,400
Total		<u>68,54,32,840</u>	<u>45,65,21,963</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

**Schedule - 5
Fixed Assets**

Description	Rate of Dep.(%)	Gross Block					Depreciation			Net Block	
		As on 01-04-2003	Additions	Deletions	As on 31-03-2004	Upto 31-03-2003	For the year	Adjustments	As on 31-03-2004	As on 31-03-2003	
		Amount in Rupees									
Quarry Land	-	16,45,516	-	-	16,45,516	-	-	-	-	16,45,516	16,45,516
Sheds	100.00	11,54,354	-	-	11,54,354	11,54,354	-	-	11,54,354	-	-
Quarry Equipment	4.75	2,98,24,110	43,69,327	-	3,41,93,437	82,80,828	14,82,306	-	97,63,134	2,44,30,303	2,15,43,282
Earth Moving Equipment	11.31	5,87,67,803	2,93,05,033	-	8,80,72,836	3,37,17,254	77,41,490	-	4,14,58,744	4,66,14,092	2,50,50,549
Office Equipment	6.33	19,28,017	2,60,471	5,23,971	16,64,517	5,96,899	94,302	1,72,036	5,19,165	11,45,352	13,31,118
Computers	16.21	30,73,696	44,700	-	31,18,396	14,59,756	4,54,064	-	19,13,820	12,04,576	16,13,940
Vehicles	9.50	1,91,10,257	16,99,075	4,98,261	2,03,11,071	31,20,345	18,53,149	2,41,731	47,31,763	1,55,79,308	1,59,89,912
Furniture & Fixtures	6.33	42,57,418	-	-	42,57,418	13,19,481	2,69,494	-	15,88,975	26,68,443	29,37,937
Electrical Works	5.28	4,45,639	-	-	4,45,639	1,18,681	23,530	-	1,42,211	3,03,428	3,26,958
Factory Building	3.34	5,59,13,064	43,18,492	-	6,02,31,556	39,44,241	18,90,760	-	58,35,001	5,43,96,555	5,19,68,823
Land, Building, Processing											
Plant-factory	5.28	27,12,32,281	13,73,18,898	-	40,85,51,179	3,67,09,958	1,82,92,834	-	5,50,02,792	35,35,48,387	23,45,22,323
Electrical Installations - Factory	5.28	92,78,977	56,75,657	-	1,49,54,634	25,00,898	6,72,471	-	31,73,369	1,17,81,265	67,78,079
Vehicles - Factory	9.50	51,12,059	22,73,849	4,70,023	69,15,885	10,10,452	5,87,511	2,06,500	13,91,463	55,24,422	41,01,607
Furniture & Fixture - factory	6.33	3,58,046	-	-	3,58,046	1,07,626	22,663	-	1,30,289	2,27,757	2,50,420
Factory Equipment	6.33	6,15,278	2,80,468	-	8,95,746	81,352	75,350	-	1,56,702	7,39,044	5,33,926
Quarry Building	3.34	9,20,465	-	-	9,20,465	1,08,642	30,744	-	1,39,386	7,81,079	8,11,823
Land-factory	0.00	7,18,375	1,90,575	-	9,08,950	-	-	-	-	9,08,950	7,18,375
Total		46,43,55,355	18,57,36,545	14,92,255	64,85,99,645	9,42,30,767	3,34,90,668	6,20,267	12,71,01,168	52,14,98,477	37,01,24,588
Previous Year		34,66,73,800	11,93,79,404	16,97,849	46,43,55,355	7,00,40,233	2,47,09,888	5,19,354	9,42,30,767	37,01,24,588	27,66,33,567

SCHEDULES FORMING PART OF THE BALANCE SHEET

	Amount in Rupees	
	As on 31-03-2004	As on 31-03-2002
Schedule - 6		
Investments		
Trade-Quoted fully paid-up at cost		
71900 (Previous Year – 71900) Equity Shares in Union Bank of India of Rs.10/- each	11,50,400	11,50,400
Total	<u>11,50,400</u>	<u>11,50,400</u>
Schedule - 7		
Inventories (As certified by the Management)		
i. Raw Material	3,25,71,018	4,61,48,871
ii. Finished Goods	1,91,47,536	1,00,94,838
iii. Work-In-Progress	91,00,513	10,84,120
iv. Consumables, Stores & Spares	2,13,47,361	1,70,03,907
v. Rough Blocks	45,22,318	1,54,99,942
Total	<u>8,66,88,746</u>	<u>8,98,31,678</u>
Schedule - 8		
Sundry Debtors (Unsecured)		
i. Debts outstanding for a period exceeding Six Months		
Considered Good	5,74,76,226	4,77,58,405
Considered Doubtful	81,65,293	20,70,553
ii. Other Debts		
Considered Good	44,33,05,697	38,64,67,659
	<u>50,89,47,216</u>	<u>43,62,96,617</u>
Less: Provision for Doubtful Debts	81,65,293	20,70,553
Total	<u>50,07,81,923</u>	<u>43,42,26,064</u>
Schedule - 9		
Cash & Bank Balances		
i. Cash on Hand	6,65,560	6,11,994
ii. Balance with Scheduled Banks		
In Current Accounts	1,05,42,703	48,00,432
In Current Accounts in Foreign Currency	74,76,550	60,34,243
In Deposit Accounts	2,61,43,502	3,48,67,210
iii. Balance with Non-Scheduled Banks		
In Current Accounts	3,37,906	47,070
Total	<u>4,51,66,221</u>	<u>4,63,60,949</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

Amount in Rupees

	As on 31-03-2004	As on 31-03-2003
Schedule - 10		
Loans & Advances		
(Unsecured considered good unless otherwise stated)		
i. Advances recoverable in cash or in kind or for value to be received	2,85,11,998	1,34,51,647
ii. Prepaid Expenses	17,18,183	21,81,927
iii. Advances against Capital Expenditure	68,11,771	1,89,63,615
iv. Advance Income Tax and TDS	47,75,451	78,49,607
v. Salary Advance to Employees	12,51,360	5,22,117
vi. Electricity and Other Deposits	1,01,89,534	77,89,715
vii. Quarry Lease Advances	1,43,32,223	73,33,223
viii. Balances with Excise Authorities	15,78,357	9,92,393
ix. Cenvat Credit Receivable A/c	15,21,880	0
Total	7,06,90,757	5,90,84,244
Schedule - 11		
Current Liabilities		
i. Sundry Creditors for Goods	4,79,05,297	2,74,28,228
ii. For Capital Expenditure	95,24,655	1,03,41,166
iii. Advances from Customers	28,14,914	18,03,341
iv. Unclaimed Dividend	8,23,156	4,66,357
v. Other Liabilities	4,61,98,303	4,22,74,160
Total	10,72,66,325	8,23,13,252
Schedule - 12		
Provisions		
i. Interim Dividend	1,24,01,600	2,17,02,800
ii. Tax on Dividend	15,88,955	27,80,671
iii. Provision for Taxation	1,15,00,000	1,65,00,000
iv. Provision for Gratuity	31,84,742	24,31,638
Total	2,86,75,297	4,34,15,109
Schedule - 13		
Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
i. Preliminary Expenses		
Opening Balance	1,24,292	
Less: Written off During the Year	32,147	92,145
ii. Public Issue Expenses		1,24,292
Opening Balance	6,71,566	
Less: Written off During the Year	3,27,281	3,44,285
iii. Pre-operative Expenses	47,99,769	0
Total	52,36,199	7,95,858

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

Amount in Rupees

	Year ending 31-03-2004	Year ending 31-03-2003
Schedule - 14		
Sales		
Polished Slabs	77,49,05,738	70,19,36,545
Rough Blocks	23,33,97,572	19,91,83,874
Tiles	<u>10,38,03,175</u>	10,41,04,505
Less: Excise Duty	77,70,606	40,32,187
Inter-division Transfer	57,31,662	0
Fabric Sales	2,01,955	0
Total	<u>1,11,02,69,496</u>	<u>1,00,11,92,737</u>
Schedule - 15		
Other Income		
Interest Received	13,96,056	14,43,885
Commission Received	10,94,749	5,23,292
Other Receipts	0	92,332
Job-work Charges	1,19,24,998	0
Provision no Longer Required written back	43,39,989	0
Dividend	2,94,790	0
Total	<u>1,90,50,582</u>	<u>20,59,509</u>
Schedule - 16		
Increase/(Decrease) In Stocks		
Opening Balance		
Finished Stock	1,00,94,838	1,44,48,563
Work-in-Progress	10,84,120	27,34,651
Rough Granite Blocks	1,54,99,942	1,02,20,347
	<u>2,66,78,900</u>	<u>2,74,03,561</u>
Less: Closing Stock		
Finished Stock	1,91,47,536	1,00,94,838
Work-in-Progress	91,00,513	10,84,120
Rough Granite Blocks	45,22,318	1,54,99,942
	<u>3,27,70,367</u>	<u>2,66,78,900</u>
Total	<u>60,91,467</u>	<u>-7,24,661</u>
Schedule - 17		
Raw Material Consumed		
Opening Stock	4,61,48,871	3,16,76,598
Add: Purchases	21,63,44,645	19,66,63,148
	<u>26,24,93,516</u>	<u>22,83,39,746</u>
Less: Closing Stock	3,25,71,018	4,61,48,871
Total	<u>22,99,22,498</u>	<u>18,21,90,875</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

Amount in Rupees

	Year ending 31-03-2004	Year ending 31-03-2003
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Schedule – 18

Manufacturing, Quarrying & Trading Expenses

Consumption of Consumables,		
Stores & Spares	166,634,668	144,708,603
Carriage Inwards	70,437,612	47,858,242
Other Processing Expenses	4,102,380	4,105,523
Power & Fuel	73,574,850	64,300,867
Repairs & Factory Maintenance	24,650,285	23,841,706
Cutter Payment	18,769,944	14,866,836
Lease Rent	6,346,115	6,290,634
Total	364,515,854	305,972,411

Schedule – 19

Payments to and Provision for Employees

Salaries, Bonus & Other Allowances	54,436,144	39,389,371
Contribution to Provident Fund and other Funds	2,652,648	1,926,867
Retirement Benefits	1,684,957	2,919,075
Staff Welfare Expenses	7,003,494	5,806,241
Total	65,777,243	50,041,554

Schedule – 20

Administrative Expenses

Rent, Rates, Taxes & Insurance	4,238,591	4,031,065
Telephone, Postage & Courier	3,922,942	2,521,584
Printing & Stationery	1,749,452	1,297,276
Travelling Expenses	5,163,634	3,370,657
Electricity Charges	735,302	758,371
General Expenses	1,195,932	673,800
Vehicle Maintenance	5,607,406	3,650,935
Auditors Remuneration	254,487	150,000
Advertisement	3,904,747	2,032,503
Professional & Consultancy Charges	612,746	917,472
Commission to Non Ex. Director's	980,000	2,127,000
Director's Sitting Fees	72,000	46,000
Donations & Subscriptions	793,218	887,879
Public Issue & Preliminary Exp. w/o	359,428	359,428
Loss on Sale of Assets	305,053	168,331
Assets Written off	351,935	0
Total	30,246,873	22,992,301

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

Amount in Rupees

	Year ending 31-03-2003	Year ending 31-03-2002
Schedule - 21		
Selling & Distribution Expenses		
Royalty & Dead Rent	2,41,34,033	2,28,90,761
Carriage & Freight	7,20,82,698	6,73,89,941
Insurance & ECGC Expenses	34,70,415	23,06,873
Discounts, Commission & Claims	77,31,520	76,33,354
Foreign Travel	1,67,25,855	1,70,73,014
Business Promotion Expenses	1,94,23,216	1,15,57,617
Foreign Exchange Fluctuation	1,15,14,046	21,66,465
Other Selling Expenses	96,557	4,94,657
Packing Material	1,53,28,625	1,20,06,035
Provision for Debtors	60,94,740	0
Sales Tax (Net)	35,32,154	20,68,533
Total	18,01,33,859	14,55,87,250
Schedule - 22		
Financial Charges		
Interest on Term Loans	1,15,03,787	97,34,201
Interest on Working Capital Loans	66,46,590	48,60,234
Interest on Hire Purchase Loans	4,22,768	4,55,864
Bill Discounting Charges	1,82,07,611	1,98,06,351
Bank Charges	29,58,677	26,81,536
Total	3,97,39,433	3,75,38,186
Schedule - 23		
Provision for Taxation		
Current Year Tax Charge	1,15,00,000	1,65,00,000
Deferred Tax	79,86,186	13,56,207
Prior Years	37,94,985	646,078
Total	2,32,81,171	1,85,02,285

**SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
MARCH 31, 2004**

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Schedule - 24

Notes on Balance Sheet and Profit and Loss Account

Significant Accounting Policies

A. Basis of Accounting

Financial Statements are prepared under historical cost convention on accrual basis, in conformity in all material aspects with the generally accepted accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India under the requirements of the Companies Act, 1956.

B. Fixed Assets

Fixed Assets are recorded at cost. Direct Costs are capitalized till the assets are ready to be put to use. These costs include financial costs relating to specific borrowings attributable to fixed assets.

C. Depreciation

Depreciation on fixed assets is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 (as amended) on the Prorate basis

D. Capital Work-in-Progress

It includes Advances to Suppliers/Contractors for capital items

E. Investments

Long-term investments are carried at cost. Provision for diminution, if any in the value of each long term investment is made to recognize a decline, other than that of a temporary nature.

Current investments intended to be held for less than one year are stated at the lower of cost or market value.

F. Inventories

Raw Granite Blocks, Slabs, Stores, Spares & Consumables are valued at cost or net realizable value whichever is less.

G. Foreign Exchange Transactions

Foreign currency transactions in respect of sales & imports have been translated as per Customs Exchange Rates and Variation if any at Actual Receipt/Payment is transferred to Foreign Exchange Fluctuation. Expenditure in Foreign Currency other than imports is accounted at the conversion rate prevalent when such expenditure is incurred. In the case of current assets and current liabilities expressed in foreign currency, the exchange rate prevalent at the end of the year is taken for the purposes of translation.

H. Sales

Sales comprise of value of sale of goods, including sales tax, excise duty and net of returns. Sales are recognized when the Rough Granite Blocks, slabs and tiles are appropriated either after inspection and selection by the customers or by the in house quality control department corresponding to purchase orders.

I. Classification of Expenditure

All expenditure and Income are accounted for under natural heads of accounts. Necessary allocation of expenditure on functional basis has been given by way of notes/schedules in the published accounts.

J. Taxation

Pursuant to the Accounting Standard (AS-22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India having been made mandatory, income taxes have been computed using the tax effect accounting method, where taxes are accrued in the same period as the related revenue and expenses. Deferred tax assets and liabilities are recognised for the expected future tax consequences attributable to timing differences between the

**SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
MARCH 31, 2004**

taxable income and the accounting income for a period. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which the timing differences are expected to be recovered or settled. The effect of changes in the tax rates on deferred tax assets and liabilities is recognised in the statement of income in the period of change. Deferred tax assets are recognised based on management's judgment as to the sufficiency of future taxable income against which the deferred tax assets can be realised.

K. Interest on Borrowings

The interest on working capital is charged against the profits for the Year in which it is incurred. Interest on borrowings for capital assets is capitalised till the date of commencement of commercial use of the asset.

L. Retirement benefits

The Company has created a trust with Life Insurance Corporation of India (LIC) for future payment of gratuities. Annual gratuity contributions are made as determined by LIC for purpose of payment. Additionally, adjustment for the difference between the fund balance and the actuarial liability as determined by LIC has been made.

Schedule - 25

Notes on Financial Statements

1. Share Capital

Share capital includes:

- a) 4,24,500 Equity shares of Rs.10/- each as fully paid up for consideration other than cash pursuant to a contract.
- b) 17,12,400 Equity shares of Rs. 10/- each were allotted as fully paid up Bonus shares by capitalization of reserves in the year 1994.
- c) 31,00,400 Equity shares of Rs. 10/- each were allotted as fully paid up Bonus shares by capitalization of reserves in the year 2001.

2. Secured Loans

- a) Term loan including Foreign currency term loan facility from Union Bank of India, Secunderabad, is secured by the hypothecation of plant & machinery acquired out of finance and personal guarantee of Directors.
- b) The working capital facility from Union Bank of India, Secunderabad, is secured by hypothecation by way of charge on inventories, book debts and other receivables, and second charge on fixed assets of factory – unit-II at Aliabad Village and Apparels factory at Gundlapochampally besides personal guarantee of Directors.
- c) Hire purchase loans are secured by hypothecation of vehicles and personal guarantee of Directors.
- d) Secured loans include interest accrued and due amounting to Rs. 18.13 lakhs (Previous year Rs.22.69 lakhs)

**SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
MARCH 31, 2004**

3. Contingent Liabilities

	As on 31.03.2004	As on 31.03.2003
a) Bank Guarantees	37.14	43.49
b) Letter of Credits	346.63	1159.23
c) Direct & Indirect Taxes	16.37	41.86
d) Other Contingent Liabilities	-	74.27
4. Capital Commitments		
Estimated Amount of contracts remaining to be executed on Capital Account not provided for	224.00	2181.58

5. a) Directors' Remuneration

Name	Salary	Contribution to provident and other funds	Perquisites and Incentives	Director Sitting fees	Commission	Rupees in Lakhs	
						Year Ended Total 31.03.04	Year Ended Total 31.03.03
Chairman:							
Gautam Chand Jain	27.00	0.07	2.24	0.04	-	29.35	16.05
Managing Director:							
*G Krishna Rao	36.00	0.09	0.72	-	-	36.81	19.13
Executive Director:							
*A Ramachandra Rao	36.00	0.09	0.45	-	-	36.54	18.47
Executive Director:							
*BVS Prakash	36.00	0.09	0.67	-	-	36.76	18.46
Director:							
Prakash Chand Jain	-	-	-	0.10	1.30	1.40	0.86
Director:							
Rahul Jain	-	-	-	0.10	1.30	1.40	1.33
Independent Director:							
M Yugandhar	-	-	-	0.06	1.30	1.36	1.75
Independent Director:							
TV Chowdary	-	-	-	0.06	1.30	1.36	1.31
Independent Director:							
Vinayak Rao Juvvadi	-	-	-	0.10	1.30	1.40	0.43
Independent Director:							
Mahender Chand Chordia	-	-	-	0.10	1.30	1.40	-
Independent Director:							
DhanjiBhai Sawla	-	-	-	0.10	1.30	1.40	-
Independent Director:							
*Dr. J.W.Aurangabadkar	-	-	-	0.06	0.70	0.76	-
Total	135.00	0.34	4.08	0.72	9.80	149.94	77.79
Previous Year	54.00	0.27	1.79	0.46	21.27	77.79	57.77

(* Resigned from the Board of the Company.

Note: The Contribution to Gratuity Funds have been made on a group basis and separate figures applicable to an individual employee are not available and thereof, contribution to Gratuity Funds have not been considered in the above computation.

**SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
MARCH 31, 2004**

b) Computation of net profit under Section 198/349 of the Companies Act, 1956, and calculation of commission payable to non-executive directors:

	Rupees in Lakhs	
	Year Ended 31.03.2004	Year Ended 31.03.2003
Profit after taxation	1517.36	1862.84
Add:		
Director's Remuneration	139.08	56.07
Directors' sitting fees	0.72	0.46
Commission to non-executive directors	9.80	21.27
Provision for bad and doubtful debts	60.95	0.00
Loss on sale of fixed assets including written off	6.57	1.68
Depreciation as per books of accounts	336.19	247.10
Provision for taxation	232.81	185.02
Total	2303.48	2374.44
Less:		
Depreciation as envisaged U/s 350 of the Companies Act, 1956	336.19	247.10
Profit on sale of assets	0.00	0.00
Total	336.19	247.10
Net Profit under Section 198/349 on which commission is payable	1967.29	2127.34
Commission payable to non-executive directors:		
Maximum allowed as per the Companies Act, 1956 at 1%	19.67	21.27
Sanctioned by Board	9.80	21.27

6. Auditors Remuneration

	Year Ended 31-03-2004	Year Ended 31-03-2003
Audit Fee (including Internal audit)	Rs. 1,66,120	Rs. 1,00,000
For Tax Audit Fees	Rs. 25,000	Rs. 25,000
For Certification and Other Work	Rs. 25,000	Rs. 25,000
For Out of Pocket Expenses	Rs. 38,367	Nil

7. Investments

	Rupees in Lakhs	
	Year Ended 31-03-2004	Year Ended 31-03-2003
Quoted		
Book Value	11.50	11.50
Market value	37.89	17.97

8. Balance with non-scheduled banks in current accounts

	Rupees in Lakhs	
	Year Ended 31-03-2004	Year Ended 31-03-2003
Nova Scotia Bank	3.38	0.47

**SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
MARCH 31, 2004**

9. Activity in foreign currency

	Year Ended 31-03-2004	Rupees in Lakhs Year Ended 31-03-2003
Earnings in foreign currency		
Income from sales (FOB)	9274.12	8766.75
Expenditure in foreign currency		
Capital Goods	1520.81	543.78
Raw material	172.43	92.04
Consumables & Stores & Spares	1217.38	1062.71
Travel expenses*	184.66	171.74
Advertisement	19.79	13.81
Exhibition	85.65	81.45
Other expenditure incurred*	83.81	22.48
	3284.53	1988.01
Net earnings in foreign currency	5989.59	6778.74

Note: *Includes 64.24 lakhs capitalised

10. Dividend

In view of the amendment of section 115O of the Income Tax Act, 1961 by the Finance Act, 2003, tax on distributed profits of Rs.27.81 lakhs has been provided for during the current year. (Previous year 27.81 lakhs)

11. Remittance of dividend in foreign currency

The company has not remitted any amount in foreign currency on account of dividend during the year and does not have information as to the extent to which remittances, if any, in foreign currency have been made by/on behalf of Non Resident of India (NRI) shareholders. The particulars of dividends made are as under:

	Year Ended 31-03-2004	Year Ended 31-03-2003
No. of NRI	14	14
No. of Equity Shares hold	19100	24600
Gross Dividend Rs.	28650	123000

12. Lease Rentals

The company has entered into operating lease for Quarry situated at Madikonda Village, Kazipet, Andhra Pradesh and the amount payable and paid during the year to the tune of Rs. 38.91 lakhs (Previous year Rs. 38.03 lakhs) have been charged to revenue.

13. Miscellaneous Expenditure

Public Issue expenses & Preliminary expenses are charged to revenue over a period of ten years.

14. Assets

- Processing plant acquired from Financial Institutions, has been shown under the head Land, Building & Plant & Machinery in Schedule-5, in the absence of necessary details.
- Additions to plant & machinery includes Rs. 2.47 lakhs (previous year Rs. 55.40 lakhs) representing foreign exchange rate fluctuation on imported plant and machinery acquired and installed during the year, which was arisen on account of rate difference on the date of transaction and the date of payment.
- Apparels Division of the Company has commenced its commercial production on 25.03.2004 and an amount of Rs. 80.64 lakhs being the indirect expenditure incidental and related to the project have been allocated and capitalized.

**SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
MARCH 31, 2004**

d. Profit/Loss on disposal of fixed assets

	Rupees in Lakhs	
	Year Ended	Year Ended
	31-03-2004	31-03-2003
Profit on sale of fixed assets	0.00	0.00
Loss on sale of fixed assets	3.05	1.68
Profit / (loss) on sale of fixed assets, net	(3.05)	(1.68)

e. Vehicles include acquired under hire purchase scheme Rs. 31.73 Lakhs (Previous year Rs. 108.74 Lakhs).

15. Income Tax

The provision for taxation includes tax liabilities on Company's total income as reduced by exempt income. Most of Pokarna operations are conducted through 100% Export Oriented Units ("EOU"). Income from EOUs are exempt from tax U/s 10B of the Income Tax Act.

The deferred tax debit of Rs 79.87 lakhs for the year ended March 31, 2004 (Rs 13.56 lakhs as deferred tax debit for the year ended March 31, 2003) are included in the provision for taxation for the respective periods.

	Rupees in Lakhs		
Provision for Deferred Tax	Opening	Charge (Debit) during the year	Closing
Depreciation	93.12	79.87	172.99
Net deferred tax liability	93.12	79.87	172.99

16. Tax deducted at source

	Rupees in Lakhs	
	Year Ended	Year Ended
	31-03-2004	31-03-2003
On Interest received	2.26	2.87
On Commission received	0.36	0.47
On Job Work Charges	0.13	-

17. Related Party Transactions:

A. Enterprises where control exists

There are no subsidiary companies where control exists

B. Disclosure of transactions between the company and related parties and the status of Outstanding balances as on 31.03.2004 (31.03.2003)

			Rupees in Lakhs
Associates	Details of Transaction	Amount of Transaction	Carrying Amount In Balance Sheet
a) Pokarna Fabrics Limited	Rent	4.24	Nil
		(4.24)	(4.24)
	Purchases	0.22	0.22
		(Nil)	(Nil)
b) Pokarna Fashions Limited	Purchases	1.04	1.04
		(Nil)	(Nil)
c) Pokarna Apparels Limited	Capital Exp.	Nil	Nil
		(125.00)	(Nil)
d) Pokarna Marketing Pvt. Limited	Nil	Nil	Nil
		(Nil)	(Nil)

**SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
MARCH 31, 2004**

			Rupees in Lakhs
Associates	Details of Transaction	Amount of Transaction	Carrying Amount In Balance Sheet
(e) Southend	Sales	1.03 (Nil)	Nil (Nil)
(f) Southend Extension	Sales	0.99 (Nil)	Nil (Nil)
	Purchases	0.70 (Nil)	0.15 (Nil)
(g) Gautam Granites	Purchases	43.64 (Nil)	5.91 (Nil)

C. Particulars of remuneration and other benefits provided to key management personnel:

(a) Key Management Personnel:

- i. Mr. Gautam Chand Jain – Chairman
- i. *Mr. G. Krishna Rao – Managing Director
- ii. *Mr. A. Ramachandra Rao – Executive Director
- iii. *Mr. B.V.S. Prakash – Executive Director

(*Resigned from the Board of the Company)

		Rupees in Lakhs	
		Year Ended	Year Ended
		31-03-2004	31-03-2003
b. Remuneration & Perquisites Paid to Key Management Personnel		139.08	56.07

Note: Dividend paid has not been considered by the company as a transaction falling under the purview of Accounting Standard 18 “Related Party Disclosures”.

18. Liabilities

There are no parties which can be classified as small scale industrial undertakings to whom the Company owes a sum exceeding Rs. 1.00 Lakhs which is outstanding for more than thirty days. This has been relied upon by the auditors.

19. Earnings Per Share (EPS)

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

		Rupees in Lakhs	
		Year Ended	Year Ended
		31-03-2004	31-03-2003
Profit attributable to the Equity Shareholders (Rs.) – (A)		151735943	186284457
Basic/Weighted average number of Equity Shares outstanding during the year – (B)		6200800	6200800
Nominal Value of Equity Shares (Rs.)		10/-	10/-
Basic/Diluted Earnings per Share (Rs.) – (A)/(B)		24.47	30.04

20. Segmental Reporting

Company has adopted AS 17 “Segment Reporting” issued by The Institute of Chartered Accountants of India, which requires disclosure of financial and descriptive information about companies reportable operating segments. The operative segments reported below are the segments of company for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance

**SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
MARCH 31, 2004**

Company's operating segment information for the year ended March 31, 2004 is as follows.

Business Segment	Year Ended March 31, 2004			Rupees in Lakhs
Description	Granite	Apparels	Elimination	Total
Revenue:				
Sales to External customers	11043.35	2.02	-	11045.37
Inter Segment sales	57.32	-	(57.32)	-
Total Revenue	11100.67	2.02	(57.32)	11045.37
Segment Results - Profit/Loss	2148.65	(1.09)	-	2147.56
Interest Expenses			-	397.39
Income Tax	-	-	-	232.81
Profit after tax	-	-	-	1517.36

Other Segment Information

Capital Expenditure	1857.36	1909.36	-	3766.72
Depreciation	334.90	1.28	-	336.18

Note: Apparels division of the company has commenced its commercial production on 25.03.2004, hence the figures for the apparels division are for six days only for the year ending 31.03.2004 and there were no corresponding figures for the year ending 31.03.2003.

Particulars of Segment Assets & Liabilities

Description	Granite	Apparels	Total
Segment Assets	6217.67	1915.05	8132.72
Other Assets	6858.40	234.37	7092.77
Total Assets	13076.07	2149.42	15225.49

Segments Liabilities	5825.02	1029.31	6854.33
Other Liabilities	1098.18	121.28	1219.46
Total Liabilities	6923.20	1150.59	8073.79

Geographic Segment:

Revenue attributable to location of customers is as follows:

Geographic Location	31.03.2004	31.03.2003
U S A	7867.03	7451.79
Europe	215.19	317.02
Asia	1377.13	1140.04
India	1671.81	706.45
Rest of the World	49.24	436.95
Total	11180.40	10052.25

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

21. Sundry debtors

Periodically, the company evaluates all customer dues to the company for collectibles. The need for provisions is assessed based on various factors including collectibles of specific dues, risk perceptions of the industry in which the customer operates, and general economical factors, which could effect the customer's ability to settle. The company normally provides for debtor dues outstanding for 180 days or longer as at the balance sheet date. As at March 31, 2004 provision for doubtful debts is Rs 81.65 lakhs (Previous year Rs 20.70 Lakhs). The company continues pursuing parties for recovery of the dues, in part or full.

**SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
MARCH 31, 2004**

22. Aggregate expenses

The following are the aggregate amount incurred on specific expenses that are required to be disclosed under Schedule VI to the Companies Act, 1956.

	Year Ended 31-03-2004	Year Ended 31-03-2003
		Rupees in Lakhs
Salaries & Bonus	54436144	39389370
Staff Welfare	7003494	5806241
Contribution to Provident Fund and Other Funds	4337605	4845942
Foreign Travel	16725855	17073014
Raw Material	229922498	182190875
Other Processing Expenses	4102380	4105523
Consumables, Stores & Spares	166634668	144708603
Communication Charges	3922942	2521584
Professional & Consultancy Charges	612746	917472
Travelling & Conveyance	5163634	3370657
Rent	504200	557000
Printing and Stationery	1749452	1297276
Advertisement	3904747	2032503
General Expenses	1195932	673800
Repairs & Maintenance	24650285	23841706
Power & Fuel	73574850	64005849
Electricity Charges	735302	1053389
Cutter Charges	18769944	14866836
Insurance Charges	3470415	2306873
Vehicle Maintenance	5607406	3650935
Rates & Taxes	3734391	3474065
Commission Charges	7731520	7633354
Lease Rent	6346115	6290634
Donations	622863	325879
Auditors Remuneration		
- audit fees (including internal audit)	166120	100000
- tax audit fees/certification and other works	50000	50000
- out of pocket expenses	38367	0
Provision for Bad and Doubtful Debts	6094740	0
Assets Written Off	351935	0
Bank Charges	2958677	2681536
Commission to Non-whole Time Directors	980000	2127000
Loss on Sale of Assets	305053	168331
Foreign Exchange Fluctuation	11514046	2166465
Directors Sitting Fee	72000	46000
Carriage Inward	70437612	47858242
C & F Charges	72082698	67389941
Royalty	24134033	22890761
Subscription	170355	562000
Business Promotion	19423216	11557617
Preliminary Expenses	359428	359428
Other Selling Expenses	96557	494657
Packing Material	15328625	12006035
Sales Tax	3532154	2068533
Interest Charges	36780756	34856650
Total	910335760	744322576

**SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED
MARCH 31, 2004**

23. General

- a) Balances appearing under Sundry Debtors, Creditors, and Loans and Advances are subject to confirmation.
- b) 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.
- c) Paise are rounded off to the nearest Rupee.
- d) Previous year's figures have been regrouped / recast wherever considered necessary to make these comparable with those of the current year.

24. Inventories

- i. Information pursuant to Paragraph 3 & 4 of part II to schedule VI to The Companies Act, 1956.

			Rupees in Lakhs	
			Year Ended	Year Ended
			31-03-2004	31-03-2003
a)	Licensed Capacity – Granite Division	Sqmt.	NA	NA
	– Apparel Division	Nos	525000	–
b)	Installed Capacity – Granite Division	Sqmt.	588000	300000
	– Apparel Division	Nos	450000	–
c)	Production Intended for Sale			
	i) Finished Granites	Sqmt.	403632.817	325022.349
	ii) Raw Granite	Cbm	8422.751	7118.138
d)	Sale			
	i) Finished Granites	Sqmt.	395387.648	325371.462
	Value	Rs.	8755.24	7888.16
	ii) Raw Granite	Cbm	6060.448	5501.691
	Value	Rs.	2039.57	1848.42
e)	Closing Stock			
	i) Finished Granites (included Unpolished)	Sqmt.	23243.103	14997.934
	Value	Rs.	275.53	111.78
	ii) Raw Granite	Cbm	655.449	657.705
	Value	Rs.	45.22	63.04
	iii) Raw Granite at Factory	Cbm	1770.237	2156.458
	Value	Rs.	280.55	461.49
	iv) Raw Material Fabrics	Mts.	59861	0.00
	Value	Rs.	45.16	0.00
	v) Finished Shirts	Nos.	1594	0.00
	Value	Rs.	6.95	0.00
f)	Purchases			
	i) Raw Granite	Cbm	8721.705	7403.090
	Value	Rs.	2114.13	1966.63
	ii) Raw Material Fabrics	Mts.	64109	0.00
	Value	Rs.	49.31	0.00
g)	Transfers			
	i) Finished Granites	Sqmt.	0.00	3862.362
	ii) Rough Granites	Cbm	2364.559	1862.750

h) Opening Stock				
i) Finished Granites	Sqmt.	14997.934		11484.685
Value	Rs.	111.78		139.12
ii) Raw Granite	Cbm	657.705		904.008
Value	Rs.	63.04		102.20
iii) Raw Granite at Factory	Cbm	2156.458		1472.701
Value	Rs.	461.49		316.76
i) Material Consumed				
i) Raw Granite	Cbm	11472.485		8582.083
ii) Raw Material Fabrics	Mts.	2537		0.00

ii. Stock of raw materials includes those in transit for Rs. 11.70 Lakhs. (Previous year Rs. 23.70 Lakhs)

iii. Value of imported and indigenous raw material, spare parts and consumables purchased during the current year.

Particulars	Rupees in Lakhs			
	Year Ended 31-03-2004		Year Ended 31-03-2003	
	Value	%	Value	%
Raw Material				
– Imported	172.43	7.97	92.04	4.68
– Indigenous	1991.01	92.03	1874.59	95.32
Total	2163.44	100.00	1966.63	100.00
Consumables, Stores & Spares				
– Imported	1217.38	71.21	1146.34	74.67
– Indigenous	492.05	28.79	388.89	25.33
Total	1709.43	100.00	1535.23	100.00

Signature to schedules 1 to 25

As per our report of even date annexed

For **Rao, Reddy & B.V.S. Prakash**
Chartered Accountants

M. Murali Jaganmohan
Partner

Place : Secunderabad
Date : 19th June, 2004

For and on behalf of Board of Directors

Gautam Chand Jain Chairman
A. Ramachandra Rao Executive Director
B.V.S. Prakash Executive Director
M. Yugandhar Director
Vinayak Rao Juvvadi Director
Paras Jain Company Secretary
Sanjay Daga General Manager-Accounts

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2004

Rupees in Lakhs

	Schedule	Year Ended 31.03.2004	Year Ended 31.03.2003
A Cash Flow from Operating Activities			
Net Profit Before Tax		1750.17	2047.87
Adjustment to reconcile profit before tax to cash provided			
By Operating Activities			
Depreciation		336.19	247.10
Interest Expenses		397.40	375.38
Miscellaneous expenditure written off		3.60	3.59
Profit/Loss on Sale of Asset		6.57	1.68
Interest Income		(13.96)	(14.43)
Dividend Income		(2.95)	
Provision for Doubtful Debts		60.95	0.00
Operating Profit before working capital changes		2537.97	2661.19
Changes in Current Assets and Liabilities			
Decrease (Increase) in Sundry Debtors		(726.51)	(2010.47)
Decrease (Increase) in Inventories		31.43	(225.62)
Decrease (Increase) in Loans & Advances	1	(146.81)	(172.83)
Increase (Decrease) in Current Liabilities	2	257.06	(114.89)
Cash Generated from operations		1953.14	137.38
Income Taxes paid during the year	3	(172.21)	(83.98)
Cash flow before extra-ordinary items		1780.93	53.40
Net cash flow generated by operating Activities		1780.93	53.40
B. Cash Flow from Investing Activities			
Purchase of Fixed Assets	4	(3766.72)	(1193.79)
Sale proceeds of Fixed Assets		2.15	10.10
Capital work in progress		460.84	26.89
Interest Income		13.96	14.43
Dividend Income		2.95	
Preoperative Expenses		(48.00)	
Decrease (Increase) in Investments		0	18.50
Net Cash used in investing Activities		(3334.82)	(1123.87)
C. Cash Flow from Financing Activities			
Proceeds from issue of share capital		-	-
Increase in Bank and Other Borrowings		2289.11	1678.44
Dividends and Corporate dividend Tax	5	(349.77)	(217.03)
Interest paid		(397.40)	(375.38)
Net Cash generated from financing Activities		1541.94	1086.03
Net increase (decrease) in cash and cash Equivalents		(11.95)	15.56
Cash and Cash equivalents as at 01.04.2003 (Opening Balance)		463.61	448.05
Cash and Cash equivalents as at 31.03.2004			
(Closing Balance)		451.66	463.61
Notes on the statement of Cash Flows	6		

This is Cash Flow Statement referred to in our report of even date.

As per our report of even date annexed

For and on behalf of Board of Directors

For **Rao, Reddy & B.V.S. Prakash**
Chartered Accountants

Gautam Chand Jain
A. Ramachandra Rao
B.V.S. Prakash
M. Yugandhar
Vinayak Rao Juvvadi
Paras Jain
Sanjay Daga

Chairman
Executive Director
Executive Director
Director
Director
Company Secretary
General Manager-Accounts

M. Murali Jaganmohan
Partner

Place : Secunderabad
Date : 19th June, 2004

**SCHEDULES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED MARCH 31, 2004**

.....●.....

	Year Ended 31.03.2004	Year Ended 31.03.2003
Rupees in Lakhs		
1. Change in loans and advances during the year		
As per Balance Sheet	706.91	590.84
Less: Advance Income Taxes separately considered	47.75	78.49
Less: Opening balance considered	512.35	339.52
Total	<u>146.81</u>	<u>(172.83)</u>
2. Change in current liabilities and provisions during the year		
As per the Balance Sheet	1219.51	1257.28
Add/Less: Provisions separately considered in the cash flow statement		
Income Tax	115.00	165.00
Dividends	-	217.03
Dividend Tax	-	27.80
Less: Opening balance considered	847.45	962.34
Total	<u>257.06</u>	<u>(114.89)</u>
3. Income tax paid during the year		
Charge as per the Profit and Loss account	232.81	185.02
Less: Provision for Deferred Tax	79.86	-
Less: Increase in Advance Income Tax	30.74	(42.53)
Add: Increase in Income tax provision	50.00	(143.57)
Total	<u>172.21</u>	<u>(83.98)</u>
4. Purchase of fixed assests and change in capital-work-in-progress		
As per the Balance Sheet		
Additions to Fixed Assets	3766.72	1193.79
Changes in Capital-work-in-progress		
Add: Opening Capital-work-in-progress	468.38	495.27
Less: Closing Capital work-in-progress	7.54	468.38
Total	<u>460.84</u>	<u>26.89</u>
5. Dividend paid		
Opening Dividend with tax	244.84	124.02
Add: Provision during the Year	244.84	337.85
Less: Provision including Corporate Dividend Tax	139.91	244.84
Total	<u>349.77</u>	<u>(217.03)</u>

6. Notes on The Statement of Cash Flows

- a) Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing, and investing activities of the company are segregated. Cash flows in foreign currencies are accounted at average monthly exchange rates that approximate the actual rates of exchange prevailing at the dates of transactions.
- b) The previous figures have been recast/restated, wherever necessary, to confirm to the current year's presentation.

**BALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFILE**

Information as required under Part IV of Schedule VI to the Companies Act, 1956

.....●.....			
I. Registration Details			
Registration No.	0 1 - 1 3 2 9 9	State Code	0 1
Balance Sheet Date	3 1 . 0 3 . 2 0 0 4		
II. Capital raised during Year (Amount Rs. in Thousands)			
Public Issue	- - - - -	Rights Issue	- - - - -
Bonus Issue	- - - - -	Private Placement	- - - - -
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Total Liabilities	1 2 8 6 8 3 3	Total Assets	1 2 8 6 8 3 3
SOURCES OF FUNDS			
Paid-up Capital	6 2 0 0 8	Reserves & Surplus	5 2 2 0 9 4
Secured Loans	6 8 5 4 3 2	Unsecured Loans	N I L
Deferred Tax Liabilities	1 7 2 9 9		
APPLICATION OF FUNDS			
Net Fixed Assets	7 1 3 0 6 1	Investments	1 1 5 0
Net Current Assets	5 6 7 3 8 6	Misc. Expenditure	5 2 3 6
Accumulated Losses	N I L		
IV. Performance of the Company (Amount in Rs. Thousands)			
Turnover*	1 1 2 9 3 2 0	Total Expenditure	9 5 4 3 0 3
* including other income			
Profit/Loss Before Tax	+ 1 7 5 0 1 7	Profit/Loss After Tax	+ 1 5 1 7 3 6
(Please tick appropriate box + for profit, - for loss)			
Earning Per Share in Rs.	2 4 . 4 7	Dividend Rate %	3 5 %
V. Generic names of Two Principal Products/Services of the Company (As per Monetary Terms)			
Item No. (ITC Code)	G R A N I T E R O U G H B L O C K S		
Product Description	P O L I S H E D G R A N I T E S L A B S / T I L E S		

For and on behalf of Board of Directors

<p>Gautam Chand Jain Chairman</p> <p>A. Ramachandra Rao Executive Director</p> <p>B.V.S. Prakash Executive Director</p> <p>M. Yugandhar Director</p>	<p>Vinayak Rao Juvvadi Director</p> <p>Paras Jain Company Secretary</p> <p>Sanjay Daga General Manager-Accounts</p>
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Place : Secunderabad
Date : 19th June, 2004