

## NOTICE OF MEETING

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Shareholders of SOLID STONE COMPANY LIMITED will be held at Sunflower-II, Centre 1, World trade Centre, 30th Floor, Cuffe Parade, Mumbai - 400005 on Wednesday, 23rd September, 2009 at 9.15 am to transact , as may be permissible the following business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009 , Profit and Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To declare a Dividend
3. To appoint a Director in place of Ms. A.Y.Parekh who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Mr. K.Gopi Nair who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution** :

**“RESOLVED THAT** pursuant to sections 198,269,309,310,311, 314 and other applicable provisions, if any, of the Companies Act, 1956 (“ the Act “) or any amendment thereto or re-enactment thereof read with Schedule XIII and all guidelines for Managerial remuneration issued by the Central Government from time to time, consent of the Company be and is hereby accorded for re-appointment by the Board of Directors (“ the Board “) of Mr. Milan B. Khakhar as Chairman and Managing Director with effect from 1st August , 2009 for 5 years i.e. upto 31st July, 2014 on such terms and conditions as are set out in the Agreement dated 31st July, 2009, between the Company and Mr.Milan B. Khakhar”

“Provided that where in any financial year the company has no profits or its profits are inadequate, the company shall pay the remuneration and provide perquisites as set out in the Agreement, to Mr.Milan B.Khakhar, Chairman and Managing Director as and by way of minimum remuneration subject to the applicable provisions of schedule XIII of the said Act and the approval of the Central Government as may be required.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts, deeds, matters, and things as may be considered necessary, desirable or expedient for giving effect to this Resolution.”

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution** :

**“RESOLVED THAT** pursuant to sections 198,269,309,310,311, 314 and other applicable provisions, if any, of the Companies Act, 1956 (“ the Act “) or any amendment thereto or re-enactment thereof read with Schedule XIII and all guidelines for Managerial remuneration issued by the Central Government from time to time, consent of the Company be and is hereby accorded for re-appointment by the Board of Directors (“ the Board “) of Mr. Prakash B. Khakhar as Joint Managing Director with effect from 1st August , 2009 for 5 years i.e. upto 31st July, 2014 on such terms and conditions as are set out in the Agreement dated 31st July, 2009, between the Company and Mr.Prakash B. Khakhar”

“Provided that where in any financial year the company has no profits or its profits are inadequate, the company shall pay the remuneration and provide perquisites as set out in the Agreement, to Mr.Prakash B.Khakhar, Joint Managing Director as and by way of minimum remuneration subject to the applicable provisions of schedule XIII of the said Act and the approval of the Central Government as may be required.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts, deeds, matters, and things as may be considered necessary, desirable or expedient for giving effect to this Resolution.”

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:-**

**“RESOLVED THAT** in accordance with the provisions of Section 314(1) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the consent of the Company be and is hereby accorded for payment of Remuneration to Mrs.Jeenoo M.Khakhar (Functional Head - Business Development) with effect from 1st January, 2009 as set out in the explanatory statement attached to this notice.”

9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:-**

**“RESOLVED THAT** in accordance with the provisions of Section 314(1) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the consent of the Company be and is hereby accorded for payment of Remuneration to Mrs.Shradha P.Khakhar (Functional Head - Retail Division) with effect from 1st January, 2009 as set out in the explanatory statement attached to this notice”

**NOTES :**

- A) A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE FOR HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- B) The Register of Members and Share Transfer Books of the Company will be closed from 16th September, 2009 to 23rd September, 2009 (both days inclusive)
- C) The form of proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- D) Members intending to require information about accounts to be explained in the meeting are requested to inform the Company in writing at least seven days in advance of the Meeting.
- E) Members are requested to :
- i) Bring their copies of the Annual Report alongwith duly filled in attendance slip to the Meeting.
  - ii) Notify immediately any change in their address, at the Registered office of the Company, quoting their Folio numbers.
  - iii) Send all their documents and communications pertaining to shares to Sharex (India) P.Ltd. (Share Transfer Agents of the company) at 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai-400001,
- G) *The Company's shares are now available for dematerialisation. Members opting for the same may contact their Depository Participants.*
- H) *Details regarding retiring Director , seeking re-appointment at the Annual General Meeting :*
- a) Ms. A.Y.Parekh (38), is a Commerce and Law Graduate from University of Mumbai. She has rich experience of more than 11 years in legal and commercial matters. She was appointed as Director of the Company from 26th September, 1997. She is a member of committees appointed by the Board for effective Corporate Governance. The relevant details about her attendance of meetings and other Directorships are given in the Report on Corporate Governance forming part of Annual Report. She holds 5000 Equity Shares of the Company.
  - b) Mr. K. Gopi Nair (50), is a Commerce Graduate from University of Mumbai. He has vast experience of more than 21 years in building materials and natural stone industry. He was appointed as Director of the Company from 1st January, 2003. He is a member of committees appointed by the Board for effective Corporate Governance. The relevant details about his attendance of meetings and other Directorships are given in the Report on Corporate Governance forming part of Annual Report. He holds 1600 Shares of the Company.

**REGISTERED OFFICE**

1501, Maker Chambers-V,  
Nariman Point,  
Mumbai - 400 021.

Place : Mumbai

Date : 28th August , 2009

By Order of the Board of Directors

**Milan B. Khakhar**  
*Chairman & Managing Director*

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****Items No.6 and 7**

Mr. Milan B. Khakhar and Mr. Prakash B. Khakhar are appointed as Managing Director and Joint Managing Director respectively, of the Company with effect from 1st August, 1994. Having regard to their long and rich experience in the industry and their significant contribution to the progress of the Company right from the inception, the Board of Directors of the Company at its meeting held on 31st July, 2009 have proposed to re-appoint Mr. Milan B. Khakhar as Managing Director and Mr. Prakash B. Khakhar as Joint Managing Director of the company from 1st August, 2009 to 31st July, 2014, as mentioned below, pursuant to provisions of section 198, 269, 309, 310, 311, 314, Schedule XIII and any other applicable provisions of the Companies Act, 1956 and requisite approvals of members at the ensuing Annual General Meeting.

**Remuneration Payable to each of them :**

Section I : Payable when the Company has adequate profits :

Remuneration, by way of salary dearness allowance, perquisites, and other allowance payable monthly, to be decided by the Board of Directors, and commission, which together shall not exceed five percent of net profit of the company for one such managerial person, and if there is more than one such managerial person, ten percent for all of them together.

Section II : Payable when the company has no profits or inadequate profits :

1. Rs.2,00,000/- (Rupees Two Lakhs Only) per month or Rs.24,00,000/- (Rupees Twenty Four Lakhs Only) per annum including salary, perquisites, dearness and all others allowances.
  2. The following perquisites shall not be included in the computation of ceiling on perquisites included under "Remuneration"
    - i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
    - ii) Gratuity payable as per rules of the Company, so as not to exceed half month's salary for each completed year of service.
    - iii) Encashment of Leave : As per the Company's Rules, and at the end of the tenure.
    - iv) Medical Re-imburement as in force from time to time.
    - v) Use of 2(two) Telephones for company's business at residence provided, cost of the personal long distance calls shall be borne by the Managing Director(s).
    - vi) Use of Motor Car with drivers (all running and maintenance expenses paid by the company)
- \* The remuneration payable to Mr.Milan B.Khakhar and Mr.Prakash B.Khakhar is within the limits prescribed under Schedule XIII to the Companies Act, 1956.
- \* The appointment may be terminated at any time by either party by giving to the other party six month's notice of such termination and neither party will have any claim against the other for damages or compensation by reason of such termination. In any event, the appointee will not be entitled to any compensation in cases mentioned in Section 318 (3) of the Companies Act, 1956.
- \* Mr. Milan B. Khakhar and Mr. Prakash B. Khakhar will not be paid any fees for attending the Meetings of the Board or of Committee thereof.
- \* Mr.Milan B. Khakhar and Mr.Prakash B. Khakhar are not liable to retire by rotation.

In compliance with the provisions of Sections 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto, the terms of remuneration specified above are now being placed before the Members in General Meeting for their approval.

Copies of Letters of Appointment dated 31st July, 2009 are open for inspection of the Members at the Registered Office of the Company on working days of the Company between 11.00 a.m. and 01.00 p.m. upto and including the date of the Annual General Meeting or any adjournments thereof.

The Board of Directors recommends the passing of the resolution.

Apart from Mr.Milan B. Khakhar, Mr. Prakash B. Khakhar, Mrs. Vasumati B. Khakhar who are related to each other, no other Director is interested in the above resolutions.

This Explanation, together with the accompanying Notice is and shall be treated as an abstract under section 302 of the Companies Act, 1956.

**Item No.8**

Mrs. Jeenoo M. Khakhar was holding position of Functional Director-Business Development in 'Stone Source', a division of Granitexx Stones and Mosaics Private Limited, the erstwhile Company which merged with your company, pursuant to the Order of The Hon'ble High Court, Bombay. She continues to hold the said office in your Company.

Mrs.Jeenoo M.Khakhar (46) is a commerce graduate, having about 16 years of experience in natural stone industry and its marketing network. She is entitled to a remuneration of Rs.40,000/- per month. plus reimbursement of all the expenses incurred in the course of employment and benefits as per company policy.

Mrs.Jeenoo M.Khakhar is relative of Mr.Milan B.Khakhar, Mr.Prakash B.Khakhar & Mrs.Vasumati B.Khakhar Promoter Directors of the Company.

The Board of Directors recommends the resolution for your approval for payment of remuneration to Mrs.Jeenoo M. Khakhar  
None of the Directors other than Mr.Milan B.Khakhar, Mr.Prakash B.Khakhar & Mrs.Vasumati B.Khakhar are concerned or interested in the resolution.

**Item No.9**

Mrs. Shraddha P. Khakhar was holding position of Functional Director-Retail Division in 'Stone Source', a division of Granitexx Stones and Mosaics Private Limited, the erstwhile Company which merged with your company, pursuant to the Order of The Hon'ble High Court, Bombay. She continues to hold the said office in your Company.

Mrs.Shraddha P. Khakhar (43) is a commerce graduate, having about 12 years of experience in natural stone industry and its marketing network. She is entitled to a remuneration of Rs.40,000/- per month. plus reimbursement of all the expenses incurred in the course of employment and benefits as per company policy.

Mrs.Shraddha P. Khakhar is a relative of Mr.Milan B.Khakhar, Mr.Prakash B.Khakhar & Mrs.Vasumati B.Khakhar Promoter Directors of the Company.

The Board of Directors recommends the resolution for your approval for payment of remuneration to Mrs.Shraddha P. Khakhar

None of the Directors other than Mr.Milan B.Khakhar, Mr.Prakash B.Khakhar & Mrs.Vasumati B.Khakhar are concerned or interested in the resolution.

**REGISTERED OFFICE**

1501, Maker Chambers-V,  
Nariman Point,  
Mumbai - 400 021.

Place : Mumbai

Date : 28th August , 2009

By Order of the Board of Directors

**Milan B. Khakhar**  
*Chairman & Managing Director*

## DIRECTOR'S REPORT

The Members,

Your Directors have pleasure in presenting their Nineteenth Annual Report of the Company for the year ended on 31st March, 2009.

### FINANCIAL RESULTS :

	Year Ended 31st March, 2009 Rs.in '000s	Year Ended 31st March, 2008 Rs.in '000s
Gross Income	3,77,258	3,02,498
Profit before Depreciation and Tax	14,027	14,838
Profit after Tax	6,016	6,598
Balance brought forward from Previous year	24,501	20,228
Balance brought forward on Merger	—	1,451
Amount available for Appropriation	30,517	28,277
Proposed Dividend	3,228	3,228
Tax on Dividend	549	548
Surplus carried to Balance Sheet	26,740	24,501

### DIVIDEND :

Your Directors are pleased to recommend a Dividend at the rate of 6% for the year ended 31st March, 2009 on the paid Equity Share Capital.

### OPERATIONS :

The Company is focusing on the domestic market which is growing, despite recessionary trend in global economy and harnessing its domain knowledge to explore opportunities in India alongwith its regular export activities.

During the year under review the company posted higher gross income, but margins were under pressure due to higher interest and depreciation provision.

### SUBSIDIARY COMPANIES :

Information on Financials of Subsidiary Companies viz. Granitexx UK Ltd. and Stone Source GB Ltd. for the year 2008-09 are provided in Annexure hereto. In respect of Foreign Subsidiary Companies, figures in Rupees are converted from applicable respective currencies at appropriate rate at the year end.

### DIRECTORATE :

Ms.A.Y.Parekh and Mr.K.Gopi Nair, Directors of the company shall retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

### CONSOLIDATED FINANCIAL STATEMENTS :

In accordance with the Accounting Standard (AS 21) on consolidated Financial Statements read with Accounting Standard (AS 23) on Accounting for Investment in Subsidiaries, the Audited Consolidated Financial Statements are provided in the Annual Report. The Statement on Subsidiaries pursuant to section 212 (3) of the Act, is attached hereto as separate annexure.

### PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES MADE THEREUNDER :

The Company had 2 ( two ) Employees who were in receipt of remuneration of not less than Rs.24,00,000 during the year ended 31st March, 2009, and no employees who were in receipt of Remuneration of not less than Rs.2,00,000 per month, during part of the said year. However, in pursuance of the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors Report is being sent to the shareholders of the company excluding the aforesaid information, and the said particulars will be made available on request, and also made available for inspection at the Registered Office of the Company. Members interested in obtaining such particulars may write to the Company at the Registered Office of the Company.

**Director's Responsibility Statement under Section 217 (2AA) is as follows :**

Your Directors make the following statement pursuant to section 217(2AA) of the Companies Act, 1956 ;

1. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
3. That the Directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the Annual Accounts on a going concern basis.

**INSURANCE :**

All the assets of the Company are adequately insured.

**CORPORATE GOVERNANCE :**

Your company has always striven to incorporate appropriate standards for good corporate governance . A separate report on Corporate Governance pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, including the Management Discussion and Analysis, Shareholders' Information and Auditors' Certificate on its compliance, form part of this Annual Report.

**AUDITORS :**

M/s. K. Poddar & Associates, Chartered Accountants are eligible for re-appointment and have indicated their willingness to act as such. In terms of section 224A of the Companies Act 1956, their appointment needs to be confirmed and their remuneration needs to be fixed.

**DISCLOSURES :**

Information as required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board Directors) Rules, 1988 is set out as under :

## i) Conservation of Energy :

Energy conservation measures have already been implemented by the Company and there are no major areas where further conservation measures appear necessary. However, efforts to conserve and to optimize the use of energy through improved operational methods and other means will continue on an ongoing basis.

	Current Year	Previous Year
Power Consumption (Electricity)		
Units	67,584	1,00,675
Total Cost	Rs. 4,05,128	Rs. 6,22,271
Rate per unit	Rs. 5.99	Rs. 6.18
Consumption per unit of production (Units per sq.ft.)	3.25	4.38

## ii) Technology Absorption : Not Applicable

## iii) Details of Foreign Exchange earning and Outgo during the year under review are furnished in the Notes to Accounts.

**APPRECIATION :**

Your Directors wish to place on record their sincere appreciation for the support and co-operation received from the Banks, Investors, Customers and employees at all levels.

For and behalf of the Board

PLACE : MUMBAI  
DATED : 28th August 2009

**Milan B. Khakhar**  
Chairman.

## Solid Stone Company Limited

### Information on the financials of the Subsidiary Companies

Sr. No.	Particulars	Granitexx UK Ltd.	Stone Source GB Ltd.
	Financial year ending on	31/03/2009	31/03/2009
	Currency	GBP	GBP
	Exchange rate on the last day of the financial year the financial year	72.861	72.861
1	Share Capital	20001	10000
2	Reserves	NIL	NIL
3	Liabilities	135160	52355
4	Total Liabilities	155161	62355
5	Total Assets	155161	62355
6	Investments (excluding Investment in Subsidiary Companies)	NIL	NIL
7	Turnover (Total Revenue)	11279	24422
8	Profit/(Loss) before taxation	15190	(25607)
9	Provision for taxation	2697	NIL
10	Profit/(Loss) after taxation	12493	(25607)
11	Proposed dividend - Equity	NIL	NIL

**Statement pursuant to Section 212 of the Companies Act, 1956, Relating to Subsidiary Companies**

<b>Name of the subsidiary company</b>	<b>Granitexx UK Ltd.</b>	<b>Stone Source GB Ltd.</b>
<b>Financial year of the subsidiary ended on</b>	<b>31/03/2009</b>	<b>31/03/2009</b>
Number of Equity Shares in the subsidiary held by the Company directly or through its subsidiary companies on March 31, 2009	20,000 Ordinary Shares of £1 each fully paid-up	5100 Ordinary Shares of £1 each fully paid-up
Extent of Holding (%)	100%	51%
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the Members of Solid Stone Company Limited		
i) Dealt with the accounts of Solid Stone Company Limited amounted to:		
(a) for the subsidiary's financial year ended March 31, 2009	Nil	Nil
(b) for previous financial years of the subsidiary since it became subsidiary of Solid Stone Company Limited.	Nil	Nil
ii) Not dealt with in the accounts of Solid Stone Company Limited amounted to:		
(a) for the subsidiary's financial year ended March 31, 2009	£ 12,493	(£ 13,060)
(b) for previous financial years of the subsidiary since it became subsidiary of Solid Stone Company Limited. (Figures in brackets denote Losses)	(£ 2,595)	(£ 4,392)

For and on behalf of the Board

MUMBAI : 28th August, 2009

**M.B.KHAKHAR***Chairman & Managing Director***P.B.KHAKHAR***Jt.Managing Director*



## REPORT ON CORPORATE GOVERNANCE

### A. Philosophy:

The Company subscribes fully to the principle and spirit of sound corporate governance practices in all its activities to ensure the ultimate goal of making the company a value driven organization. The Company has taken a series of steps to implement all the measures of good corporate governance practice, laying emphasis on transparency, integrity, accountability and value creation in conducting its Corporate Affairs and enhance value for all its stakeholders.

### B. Board of Directors:

#### Composition, Meetings and Attendance:

The Board of Directors comprises of six Directors, four of them being Non Executive Directors. Fifty percent of the total strength of the Board comprises of Independent Directors.

During the financial year ended 31st March 2009 the Board met Ten times on 28th April, 2008, 30th July, 2008, 22nd August, 2008, 19th September, 2008, 27th October, 2008, 26th November, 2008, 3rd December, 2008, 15th December 2008, 31st January, 2009, 3rd March, 2009.

The gap between two Meetings did not exceed four months. The Company placed before the Board, the annual operating plans, budgets, performances and other information including those specified under Clause 49 of the Listing Agreement, from time to time.

The notice for the Board Meeting and the detailed agenda papers are circulated to all the Directors well in advance to enable them to attend and take an informed decision at the Meetings. The Directors of the company make necessary disclosures regarding the Committee positions held by them in all the Companies in which they are Directors. None of the Director of the Company is the member on more than Ten Committees and a Chairman on more than five Committees across all the Companies in which they are Directors.

The composition of the Board of Directors as on March 31, 2009 and other details are as under:

Name of Director	Category	No of Board Meetings attended during 2008-09	Whether attended last AGM	No.of Directorships in other Public Limited Companies	No.of Committee positions held in other Companies
Mr.Milan B. Khakhar	Executive Promoter	10	Yes	2	-
Mr.Prakash B.Khakhar	Executive Promoter	10	Yes	2	-
Mrs.Vasumati B. Khakhar	Non-Executive Promoter	9	Yes	1	-
Mr.K.Natrajan	Non-Executive Independent	9	Yes	-	-
Ms.Ashni Y. Parekh	Non-Executive Independent	9	Yes	-	-
Mr.K.Gopi Nair	Non-Executive Independent	8	Yes	-	-

#### Code of Conduct :

The Board has formulated a code of conduct for the Board members and senior management of the company. All Board members and senior management personnel have affirmed the compliance with the code as on 31st March 2009 to the Company.

It is hereby affirmed that all Directors and senior management personnel have complied to the code of conduct framed by the Company and the confirmation to that effect has been received from the Directors and the Senior management members.

### C. Audit Committee:

The Audit Committee comprises of Mr.K. Natarajan, Mr.K.Gopi Nair and Ms.A.Y.Parekh. All the members of this Committee are independent Directors and Mr. K. Natarajan is the Chairman of the Audit Committee.

Mr.K.Natarajan is a Chartered Accountant and has a rich experience of more than 50 years in areas of Accountancy, Law, Finance and Insurance.

Ms.A.Y.Parekh is a Commerce and Law graduate having experience in areas of Law and Accountancy. Mr.K.Gopi Nair is a Commerce graduate having experience in Senior Management of Granite & Marble Industry. The composition, powers, terms of reference and the role of the Audit Committee are in line with the requirements of Clause 49 of the Listing Agreement as well as section 292A of the Companies Act, 1956.

During the year under review, the Audit Committee of Directors held discussions with the Statutory Auditors of the Company concerning the Accounts of the Company, internal control systems, internal audit, compliance with Accounting Standards and Listing Agreement, reviewed the quarterly, half yearly, and annual financial statements before they were submitted to the Board of Directors. The Audit Committee of Directors also reviewed the matter prescribed under clause 49 II(D) of the Listing Agreement. At the Audit Committee Meetings, the Statutory Auditors of the Company were invited and their findings / observations were also discussed.

Minutes of the Audit Committee Meetings are circulated to the Members of the Board, discussed and taken note of.

The composition of the Audit Committee and the details of Meetings attended by the Directors are given below:

Name of Members	Category	No.of Committee Meetings attended during 2008-2009
Mr.K.Natarajan, Chairman	Independent Non-Executive	6
Ms.A.Y.Parekh, Member	Independent Non-Executive	6
Mr.K.Gopi Nair, Member	Independent Non-Executive	5

During the year 2008-09, Six Audit Committee Meetings were held on 28th April, 2008, 30th July, 2008, 22nd August, 2008, 27th October, 2008, 3rd December, 2008, 31st January, 2009.

The Audit Committee has adequate powers and detailed terms of reference to play effective role as required under the Clause 49 of the Listing Agreement.

The Compliance Officer acts as the Secretary of the Committee.

#### **Whistle Blower Policy:**

The Board of Directors on the recommendations of the Audit Committee has approved and adopted a Whistle Blower Policy that provides a formal mechanism for all employees of the Company to approach the Chairman of the Audit Committee of the Company and make protective disclosures about the unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct.

#### **D. Remuneration Committee:**

Subject to the overall ceiling approved by the Board and the shareholders, the Remuneration Committee of the Directors recommend to the Board, the salary [including annual increments], perquisites and commission to be paid to the Company's Managing Director.

Meetings of this Committee are held only when required.

No Meeting of this Committee was held during the year 2008-09

The composition of the Remuneration Committee and the details of Meetings attended by the Directors are given below:

Name of Members	Category	Meetings Attended During the year 2008-2009
Ms.A.Y.Parekh(Chairman)	Independent Non-Executive	-
Mr.K.Natrajan	Independent Non-Executive	-
Mr.K.Gopi Nair	Independent Non-Executive	-

#### **Remuneration Policy**

The elements of the remuneration package of Non-Executive Directors consists only of Sitting Fees for attending Board & Committee meetings of the Company. All the Executive Directors of the company have been appointed on a contractual basis, based on the approval of the Shareholders. The elements of the remuneration package of Executive Directors comprises of Salary, Perquisites and Allowances as approved by the Shareholders at the Annual General Meeting.

Details of Remuneration paid to the Directors during the year ended 31st March 2009 are as follows:

Name	Salary	Allowances	Perquisites	Sitting Fees	Total
Mr.M.B.Khakhar	24,00,000	30,000	—	—	24,30,000
Mr.P.B.Khakhar	24,00,000	30,000	4,860	—	24,34,860
Mrs.V.B.Khakhar	—	—	—	15,000	15,000
Mr.K.Natarajan	—	—	—	18,000	18,000
Ms.A.Y.Parekh	—	—	—	18,000	18,000
Mr.K.Gopi Nair	—	—	—	15,000	15,000

#### E. Shareholders / Investors Grievance Committee:

The company has formed Shareholders/Investors Grievances Committee under the Chairmanship of Ms.A.Y.Parekh with Mr.Milan B.Khakhar and Mrs.Vasumati B.Khakhar as its members, to look into redressal of Shareholders and investors grievances with respect to transfer of Shares, Non Receipt of Declared Dividend or Annual Report etc. and other matters relating to shareholder relationship. The shareholders grievance committee met at six times during the year 25th April, 2008, 4th July, 2008, 26th August, 2008, 4th November, 2008, 18th December, 2008, 21st March, 2009.

The Attendance and Composition of the Directors of the Committee is as follows :

Name of Members	Category	Meetings Attended During the year 2008-2009
Ms.A.Y.Parekh (Chairman)	Independent Non-Executive	5
Mr.Milan B.Khakhar	Promoter Executive	4
Mrs.Vasumati B.Khakhar	Promoter Non-Executive	5

All the valid Share Transfer requests received during the year were duly attended to and there were no valid request pending for Share Transfer as on 31st March, 2009.

No.of Investors' complaints received during financial year 2008-09 :Nil

No. of Complaints pending unresolved as on 31st March, 2009 : Nil

#### F. Name and Designation of Compliance officer:

Mr.Manoj D. Dewani - Vice President

Solid Stone Company Limited, Maker Chambers V, Nariman Point, Mumbai - 400021.

Tel : 22826977 / 78 Fax : 22826439 Email : solid2@vsnl.com

#### G.i) Annual General Meetings:

The details of the location and time for last three Annual General Meetings are given below:

AGM No	Accounting Year	Date	Time	Location	No.of Special Resolutions passed
18th	2007-2008	Dec 30 2008	9.30 a.m.	Seminar II, Centre 1, 31st Floor, World Trade Centre, Cuffe Parade, Mumbai-400005.	-
17th	2006-2007	Sep 25 2007	9.15 a.m.	Garware Club House, Wankhede Stadium, 'D' Road, Churchgate, Mumbai-400020.	3
16th	2005-2006	Sep 21 2006	9.15 a.m.	The Prince Room, National Sports Club of India, Lala Lajpatrai Road, Worli-400018.	-

No Special Resolution requiring postal ballot was placed before the last Annual General Meeting. No Special Resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting.

**G.ii) Extra Ordinary General Meeting and Court convened Meeting**

The details of the location and time for Extra Ordinary General Meeting and Court convened Meeting is given as below:

Meeting	Accounting Year	Date	Time	Location	No.of Special Resolutions passed
A) Extra Ordinary General Meeting	N.A.	Jan 5, 2008	9.30 a.m.	Sun flower 2, World Trade Centre, Center-1, 30th floor, Cuffe Parade, Mumbai-400005.	2
B) Court Convened Meeting	N.A.	April 11, 2008	9.30 a.m.	Sun flower, World Trade Centre, Center-1, 30th floor, Cuffe Parade, Mumbai-400005.	1

A) The Special Resolutions passed at the EGM were:-

- (1) Issue and Allotment of 4,00,000 Equity Shares on Preferential basis to Investors pursuant to Section 81(1A) of the Companies Act, 1956.
- (2) Issue and Allotment of 3,00,000 Equity Share Warrants on Preferential basis to Investors pursuant to Section 81(1A) of The Companies Act, 1956.

B) The Resolution passed at the Court Convened Meeting was:-

- (1) To approve the Scheme of Amalgamation between Granitexx Stones & Mosaics Private Limited and Solid Stone Company Limited, to be effective from opening hours of 1st October, 2007 subject to the sanction by the Hon'ble High Court of Bombay under sections 391 to 394 read with Section 78 and 100 of the Companies Act, 1956.

**H. Disclosures:**

- a) Transaction with the related parties are disclosed in Note to accounts in the Annual Report.
- b) A statement in summary form of transactions with related parties in the ordinary course of business has been periodically placed before the Audit Committee.
- c) The Company has no material individual transactions with related parties, which are not in the normal course of business.
- d) Details of material individual transactions with related parties or others, which are not on arm's length basis are placed before the Audit Committee together with Management's justification for the same.
- e) There has been no instance of non-compliance by the Company on any matter related to capital markets, during the last three years. No penalties or strictures have been imposed by SEBI, the Stock Exchange or any Statutory Authority on the Company.
- f) The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.
- g) The Company has laid down a process of assessing risk management. The scope of Audit Committee includes review of Company's financial and risk management policies.

**I. Means of Communication:**

The means of communication between the Company and the shareholders are transparent and investor friendly. The Company's quarterly unaudited results are published in leading newspapers in English and Marathi. As such the Company does not send unaudited results to shareholders individually. The Company does have its own website called [www.solid-stone.com](http://www.solid-stone.com). The company has not made any presentation to any Institutional Investors/ Analysts during the year.

Management Discussion and Analysis Report forms part of this Annual Report:

**J. General Shareholder Information:**

**a) Annual General Meeting**

The 19th AGM of the members of the company is scheduled to be held on 23rd September, 2009 at Sunflower II, Centre 1, World Trade Centre, 30th Floor, Cuffe Parade, Mumbai-400005 at 9.15 a.m.

**b) Financial Calendar for the year 2009-2010 (Provisional)**

A	Unaudited Results for the first quarter ending on June 30, 2009	Already Published on 31st July, 2009
B	Unaudited Results for the second quarter ending on September 30, 2009	By end of October, 2009
C	Unaudited Results for the third quarter ending on December 31, 2009	By end of January, 2010
D	Unaudited Results for the fourth quarter ending on March 31, 2010.	By end of April, 2010
E	Results (Audited) for the financial Year ending March 31, 2010	By end of August, 2010
F	Annual General Meeting for the year ending March 31, 2010	By end of September, 2010

**c) Details of book closures:**

From 16th September, 2009 to 23rd September, 2009 (both days inclusive)

**d) Dividend Payment**

The Directors have proposed a Dividend of 6% subject to the approval of the shareholders at the ensuing Annual General Meeting, and the same will be paid to the shareholders whose names appear on Register of Members as on 16th September, 2009, on or after 23rd September, 2009.

**e) Stock Exchange Listing:**

The Company's shares are listed on The Stock Exchange, Mumbai. The Company has paid Annual Listing fees upto financial year 2009-2010 to the Stock Exchange, Mumbai.

Scrip code on the Stock Exchange, Mumbai : 513699

ISIN : INE584G01012

**f) Market Price Data:**

The details of monthly highest and lowest closing quotations of the equity shares of the Company at the Stock Exchange, Mumbai during financial year 2008-2009 are as under :-

Month	Quotation at Mumbai Stock Exchange	
	High	Low
April, 2008	160.00	116.00
May, 2008	154.30	110.25
June, 2008	140.70	114.05
July, 2008	124.95	113.10
August, 2008	113.00	96.50
September, 2008	119.70	113.00
October, 2008	122.00	122.00
November, 2008	125.00	115.95
December, 2008	125.00	112.90
January, 2009	112.65	101.70
February, 2009	128.95	97.55
March, 2009	132.00	109.80

**g) Registrars and Transfer Agents:**

The Company has appointed M/s.Sharex (India) Pvt.Ltd. at 17/B, Dena Bank Building 2nd Floor, Horniman Circle, Fort, Mumbai-400001, as Registrars and Share transfer Agents.

**h) Share Transfer System**

Share transfers are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. Executives of the Company have been authorized to approve transfers.

**i) Statistics of Shareholders as on 31st March, 2009**

Shares held	No.of Shareholders	% of Shareholders	No.of Shares held	% of Shares held
1-500	776	83.44	1,08,194	2.01
501 - 1000	47	5.05	38,775	0.97
1001 - 2000	25	2.69	39,130	0.73
2001 - 3000	9	0.97	22,569	0.42
3001 - 4000	9	0.97	32,100	0.61
4001 - 5000	9	0.97	42,970	0.80
5001 - 10000	14	1.51	1,19,766	2.23
10001 and above	41	4.41	49,75,659	92.48
Total	930	100.00	53,80,000	100.00

j) **Shareholding Patterns as on March 31, 2009:**

Categories	No of Shares	% of shareholding
Promoters	37,44,900	69.61
Resident Individuals	6,10,182	11.34
Domestic Cos.	10,24,918	19.05
Total	53,80,000	100.00

k) **Dematerialization of Shares:**

The company has appointed M/s.Sharex (India) Pvt.Ltd., 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai-400001 as Share Transfer Agents of the Company for transfer of Shares in physical and demat form.

66.82 % of the Company's Share Capital is dematerialized as on 31st March, 2009.

- l) The Company has not issued any GDRs/ADRs. No Bonds were Outstanding as on 31st March, 2009. However, 3,00,000 Equity Share Warrants have been issued on preferential basis to entities other than Promoters, the option on the said warrants has since not been exercised.

**m) Address for correspondence:**

1501, Maker Chambers V, Nariman Point, Mumbai-400021.

Ph. 91 22 22826977 / 78

**n) Adoption of Non-Mandatory Requirements of Clause 49:**

The company complies with the following Non-mandatory requirements stipulated under Clause 49.

**Remuneration Committee:**

The company has constituted Remuneration Committee to recommend / review remuneration of the Managing Director and Whole-time Directors based on their performance and defined assessment criteria.

**Audit Qualification:**

The Company is in the regime of unqualified financial statements.

**Whistle Blower Policy:**

The company has a whistle blower mechanism wherein the employees are free to report violations of Laws, Rules, Regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. The confidentiality of those reporting violations shall be maintained and they shall not be subjected to any discriminatory practices.

**MANAGEMENT DISCUSSION AND ANALYSIS FOR 2008-2009**

**Industry Structure and development:**

Due to general slowdown in the construction and building materials industries, market conditions in domestic as well as international front during major part of the year were adversely effected.

During the year under review, the recessionary trends globally also have impact on construction and building materials industries.

**Opportunities and threats**

The World is indeed becoming a Global city. Your company believes that niche opportunities exist in the Global arena which, if exploited, would yield positive results. The company is accordingly building a business model to exploit these opportunities by embracing the Global customers demand of quality, service and ethical outlook and also harnessing these opportunities in the domestic market.

Your company deals in very special types of Granite/Marble having unique colors for which the overseas market is very eager. Presently, it is one of the few companies which offers all natural stone products under one roof to foreign buyers. The demand for top quality natural stone products is also growing in the domestic market and the company has started setting up Retail outlets within the country and also amalgamated with another company having such Retail outlets so as to cater to the local demand for quality products.

However, the number of natural stone exporters from India as well as local dealers dealing in imported and other natural stones catering to domestic market are increasing, thus reducing the margins and making the business competitive. The present slowdown in economy is also likely to effect the performance of the company.

**Further Outlook**

The company has expanded its product line and started dealing in various forms of products in all varieties of Natural stones and designer mosaics. Further, acquisition of Chain of Retail Outlets during the year will add to the Gross Income. The economic outlook for the year is still uncertain but viewed with cautious optimism. Our plans for the growth of the business and profitability are based on an average economic outlook, in the present business scenario.

**Performance for 2008-2009**

During the financial year 2008-2009, the company achieved a sales turnover of Rs.3760.11 lacs as against a Sales Turnover of Rs.3013.95 lacs in the previous year. Net profit after tax stood at Rs.60.16 lacs as compared to Rs.65.98 lacs in the previous year. The gross income of the company for the financial year ended 31st March 2009 has increased despite recessionary trend in global economy.

**Capital Structure**

There was no change in the capital structure of the company. The issued and paid up share capital as at 31st March, 2009, comprises of 53,80,000 equity shares of Rs.10 each.

**Internal Control System**

There are reasonable internal control systems at all levels in the Company.

**Cautionary Statement**

Statements in the Management Discussions and Analysis describing the Company's objectives, projections, estimates, expectation may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Several factors make a significant difference to the company's operations, including climatic conditions, economic scenario affecting demand and supply, Govt. regulations, taxation, natural calamity and other such factors which the company does not have any direct control.

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

The Members,  
Solid Stone Company Limited

We have examined the compliance of conditions of Corporate Governance by Solid Stone Company Limited, for the year ended 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended/pending for more than 30 days.

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

**For K.PODDAR & ASSOCIATES.**  
*Chartered Accountants*

**(KISHORE PODDAR)**  
*Proprietor*

PLACE : MUMBAI

DATED :28th August, 2009.



**AUDITOR'S REPORT TO THE SHARE HOLDERS**

We have audited the attached Balance Sheet of SOLID STONE COMPANY LIMITED as of 31st March, 2009 and also the Profit and loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. 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.

- 1) 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 from any 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.
- 2) As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act., 1956 and on the basis of such checks as we 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.
- 3) Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit:
  - b) In our opinion, proper books of account as required by law have been kept by the Company as far as appears from our examination of those books:
  - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the above books of account.
  - d) In our opinion, the Profit and Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards as referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
  - e) On the basis of written representation received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to explanations given to us, the said accounts, read together with the notes thereon and attached thereto, give the information required by the Companies Act., 1956 in the manner so required and give a true and fair view in conformity with the generally accepted accounting principles :
    - (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
    - (ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
    - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For K.PODDAR & ASSOCIATES**  
*CHARTERED ACCOUNTANTS*

**KISHORE PODDAR**  
*Proprietor*

PLACE : MUMBAI  
DATE : 28th August, 2009

**ANNEXURE TO THE AUDITORS' REPORT**

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that :-

- i. (a) The Company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off a substantial part of its fixed assets so as to affect it as a going concern.
- ii. (a) As explained to us, the inventory has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, 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. (a) According to the information and explanations given to us and as per the records examined by us, the company has granted unsecured loan to one of its subsidiaries amounting to Rs.4.15 lakhs. The maximum balance outstanding during the year was Rs.4.15 lakhs. In our opinion, the terms and conditions are not prima facie prejudicial to the interest of the company.
- (b) By virtue of amalgamation of Granitexx Stones and Mosaics Private Limited with the company with effect from 1st October, 2007, unsecured loans taken by the erstwhile company were taken over by the company, of which unsecured loans from 5 parties are covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.13.08 lakhs and the year end balance is Rs.8.95 lakhs. No fresh loans have been taken by the company from the 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 generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods. During the course of our previous assessment, no major weakness in internal control, had come to our notice.
- v. (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations given to us, we are of the opinion that, the transactions in which directors were interested, and which were required to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered;
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.
- vi. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public during the year, nor has accepted any such deposits in the past.
- vii. In our opinion and according to the information and explanation given to us, company has an internal audit system commensurate with the 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 section 209(1)(d) of the Companies Act, 1956, for the products of the Company.

- ix. There is no Provident Fund scheme and Employees State Insurance scheme in the company. According to the records of the company, it has been generally regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Income-Tax, Sales-Tax, Custom Duty, Excise Duty and other Statutory Dues with the appropriate authorities, and as on 31st March 2009, there are no undisputed dues outstanding for more than six months from the date they became payable.
- x. The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and in the immediately preceding financial year.
- xi. On the basis of the records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or Banks.
- xii. As explained to us, the company has not granted any Loans or Advances on the basis of security by way of pledge of shares, debentures or any other securities.
- xiii. The requirement of this clause is not applicable, as the company is not a chit fund company.
- xiv. The requirement of this clause is not applicable, as the company is not dealing or trading in shares, securities, debentures and other investments.
- xv. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. 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 or vice versa.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, the company has not issued any debentures during the year.
- xx. According to the information and explanations given to us, the company has not raised any money by public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For K.PODDAR & ASSOCIATES**  
*Chartered Accountants*

**KISHORE PODDAR**  
*Proprietor*

PLACE : MUMBAI  
DATE : 28th August, 2009.

**BALANCE SHEET AS AT 31ST MARCH, 2009**

		AS AT 31ST MARCH,2009 (Rs. In '000s)		AS AT 31ST MARCH,2008 (Rs. In '000s)	
	SCH	AMOUNT	AMOUNT	AMOUNT	AMOUNT
<b>SOURCES OF FUNDS :</b>					
1. SHAREHOLDERS' FUNDS :					
a) Share Capital	1	57250.00		57250.00	
b) Reserves & Surplus	2	80594.99		78355.83	
			137844.99		135605.83
2. LOAN FUNDS :					
a) Secured Loans	3	82241.60		46739.12	
b) Unsecured Loans	4	990.73		1404.03	
			83232.33		48143.15
Deferred Tax Liability			0.00		532.63
<b>TOTAL</b>			<b>221077.32</b>		<b>184281.61</b>
<b>APPLICATION OF FUNDS :</b>					
1. FIXED ASSETS :	5				
Gross Block		50012.16		31797.49	
Less: Depreciation		17660.02		13040.27	
Net Block			32352.14		18757.22
2. INVESTMENTS :	6		28799.25		30468.87
3. CURRENT ASSETS, LOANS & ADVANCES					
a) Inventories	7	192617.54		108845.55	
b) Sundry Debtors	8	47955.74		78820.33	
c) Bank & Cash Balances	9	12559.99		8315.19	
d) Loans & Advances	10	91019.53		65389.79	
			344152.81		261370.86
Less:Current Liabilities & Provisions					
a) Current Liabilities	11	168716.25		113768.30	
b) Provisions	12	15892.00		12632.00	
Net Current Assets			159544.56		134970.56
MISCELLANEOUS EXPENDITURE					
Preliminary Expenses (To the extent not w/off)			75.52		84.96
Deferred Tax Asset			305.85		0.00
<b>TOTAL</b>			<b>221077.32</b>		<b>184281.61</b>
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	17				

As per our Report of Even Date attached  
**For K. PODDAR & ASSOCIATES**  
Chartered Accountants

For and on behalf of the Board

**KISHORE PODDAR**  
PROPRIETOR

**M.B.KHAKHAR**  
Chairman & Managing Director

**P.B.KHAKHAR**  
Joint Managing Director

MUMBAI:  
DATED : 28th August, 2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2009**

		CURRENT YEAR (Rs. In '000s)	PREVIOUS YEAR (Rs. In '000s)
	SCHEDULES	AMOUNT	AMOUNT
<b>INCOME :</b>			
Sales		376010.66	301394.94
Increase/(Decrease) in Stock of Fin. Goods		4061.49	2562.20
Other Income	13	1207.60	1102.75
Profit on sale of Asset		39.47	--
		<u>381319.23</u>	<u>305059.89</u>
<b>EXPENDITURE :</b>			
Manufacturing Expenses	14	9441.42	7505.79
Cost of Goods Traded		279107.53	223503.32
Administrative, Selling & Other Expenses	15	70630.44	52249.01
Interest & Other Financial Charges	16	8091.62	5305.18
Depreciation		5353.96	3891.21
Preliminary Expenses W/off		9.44	9.44
Loss on Investments		11.03	1649.65
		<u>372645.44</u>	<u>294113.60</u>
<b>PROFIT BEFORE TAX</b>		<u>8673.79</u>	<u>10946.29</u>
Income Tax (Prior Year Adj.)		236.11	30.89
Provision for Taxation :			
Current Tax		2820.00	3990.00
Fringe Benefit Tax		440.00	470.00
Deferred Tax		-838.47	-143.21
<b>PROFIT AFTER TAX</b>		<u>6016.16</u>	<u>6598.61</u>
Add: Balance brought forward from previous year		24500.93	20227.90
Balance brought forward on Merger		--	1451.42
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<u>30517.09</u>	<u>28277.93</u>
<b>APPROPRIATION :</b>			
Proposed Dividend		3228.00	3228.00
Tax on Dividend		549.00	549.00
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<u><u>26740.09</u></u>	<u><u>24500.93</u></u>
<b>ACCOUNTING POLICIES &amp; NOTES TO ACCOUNTS</b>	17		

As per our Report of Even Date attached  
**For K. PODDAR & ASSOCIATES**  
*Chartered Accountants*

For and on behalf of the Board

**KISHORE PODDAR**  
*PROPRIETOR*

**M.B.KHAKHAR**  
 Chairman & Managing Director

**P.B.KHAKHAR**  
*Joint Managing Director*

MUMBAI:  
 DATED : 28th August, 2009

## SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.

	AS AT 31ST MARCH, 2009 AMOUNT (Rs in '000s)	AS AT 31ST MARCH, 2008 AMOUNT (Rs in '000s)
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
75,00,000 Equity Shares of Rs.10 each. (Pr.Yr. 75,00,000 Eq.Shares of Rs.10 each)	75000.00	75000.00
<b>Issued, Subscribed &amp; Paid-up:</b>		
53,80,000 Equity Shares of Rs.10/- each fully paid-up. (Prev.Year 37,80,000 Equity Shares of Rs.10/- each fully paid-up.)	53800.00	37800.00
<b>Equity Share Warrants Application Money</b> (3,00,000 warrants of Rs.115/- each, 10% paid-up.)	3450.00	3450.00
TOTAL Rs...	57250.00	41250.00
<b>SCHEDULE 1 A</b>		
<b>SHARE CAPITAL SUSPENSE ACCOUNT</b>		
16,00,000 Equity Shares of Rs.10 each to be issued as fully paid-up to the Shareholders of Granitexx Stones and Mosaics Private Limited as per the Scheme of Amalgamation.		16000.00
	0.00	16000.00
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS :</b>		
Capital Subsidy	954.90	954.90
Securities Premium Account As per Last Balance Sheet	52400.00	20900.00
Add : Received during the year on Preferential Allotment	0.00	36000.00
Add : Balance transferred of Transferor Company	0.00	9900.00
Less :Adj.d.on account of Merger as per Scheme of Amalgamation	0.00	-14400.00
	52400.00	52400.00
GENERAL RESERVE :	500.00	500.00
Surplus in Profit & Loss Account	26740.09	24500.93
TOTAL Rs...	80594.99	78355.83
<b>SCHEDULE 3</b>		
<b>SECURED LOANS :</b>		
Loan from Reliance Capital (Secured against Motor Car)	2385.60	0.00
Loan from State Bank of India (Secured against Motor Car)	1798.48	0.00
Loan from TML Finance Ltd. (Secured against Tempo)	180.90	494.00
Loan from Kotak Mahindra Primus Ltd. (Secured against Motor Car)	334.91	1064.01
Loan from Citicorp Maruti Finance Ltd. (Secured against Motor Car)	265.05	366.61
Loan from State Bank of India (Secured against Plant & Machinery)	51.27	409.21
Loan from State Bank of India (Secured against Cap.Assets at Showroom)	3351.52	4555.29
State Bank of India - Cash Credit (Secured against Book Debts / Stock)	73873.85	39850.00
TOTAL Rs...	82241.60	46739.12
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS :</b>		
From Directors:	473.98	1247.19
From Others:	516.75	156.84
TOTAL Rs...	990.73	1404.03

**SCHEDULE 5 SCHEDULE OF FIXED ASSETS AS ON 31ST MARCH, 2009**

	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	AS AT 01/04/2008	ADDITIONS	ADDITIONS ON ACCOUNT OF MERGER	SALES/ADJT.	AS AT 31/03/2009	UPTO 31/03/2008	ON ACCOUNT OF MERGER	ADJUSTMENT FOR THE YEAR	UPTO 31/03/2009	AS AT 31/03/2009	AS AT 31/03/2008
Freehold Land	141.04			0.00	141.04	0.00		0.00	0.00	141.04	141.04
Factory Building	3759.75	618.50		0.00	4378.25	1798.78		0.00	222.83	2021.61	2356.64
Plant & Machinery	9144.54	2293.06		0.00	11437.61	4601.27		0.00	1052.72	5653.99	5783.62
Electrical Installations	1548.13	341.22		0.00	1889.35	571.23		0.00	173.36	744.59	1144.76
Furniture & Fixtures	9977.00	9470.74		0.00	19447.73	2328.03		0.00	2064.52	4392.55	15055.19
Vehicles	7227.04	6310.89		819.74	12718.18	3740.97		734.22	1840.53	4847.28	7870.90
TOTAL Rs...	31797.49	19034.41	0.00	819.74	50012.16	13040.27	0.00	734.22	5353.96	17660.02	32352.14
Previous Year Rs...	25725.55	5549.59	522.35	0.00	31797.49	9142.37	6.70	0.00	3891.21	13040.27	18757.22

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.**

	AS AT 31ST MARCH, 2009 AMOUNT (Rs in '000s)	AS AT 31ST MARCH, 2008 AMOUNT (Rs in '000s)
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**SCHEDULE 6****INVESTMENTS : (Non-Trade - At Cost)**

(Long Term - Unquoted)	Nos.	Face Value		
Fully Paid-up Equity Shares				
A) Global Instile Solid Ind.Ltd. (Pr.Year 2,70,000 Shares )	270,000	Rs. 10	9450.00	9450.00
B) Shares in Granitexx UK Ltd	20,000	GBP.1	1609.51	1609.51
C) a) Shares-Stone Source Trdg.LLC (Pr.Yr.75)	150	AED.1000	1671.75	827.81
b) Share Application- Stone Source Trdg.LLC,UAE (Pr.Yr.25)	0	AED.1000		275.94
<b>MUTUAL FUNDS</b>				
D) HDFC Liquid Fund (Pr.Yr.10,06,224)	15,99,571	Rs. 10	16025.34	10080.83
E) HSBC Fixed Term-Liquid Fund (Pr.Yr.5,03,223)	4,200	Rs. 10	42.64	5042.64
F) Reliance Liquid Fund (Pr.Yr 3,113)	0	Rs. 10	0.00	32.23
G) Reliance Liquid Fund (Pr.Yr. 3,141)	0	Rs. 1000	0.00	3149.90
(Total Mkt.Value-Mutual Funds - Rs. 16074189 / Pr.Yr.Rs.18,263,835)				
TOTAL Rs...			28799.25	30468.87

**SCHEDULE 7****INVENTORIES :**

(As taken, valued and certified by the Management)

Finished Goods-Mfd.	7044.80	2983.31
Finished Goods-Trdg.	183599.25	104550.41
Raw Material	1264.16	1220.02
Tools & Stores	46.84	77.32
Stationery	662.50	14.50
TOTAL Rs...	192617.54	108845.55

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**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.**


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	AS AT 31ST MARCH, 2009 AMOUNT (Rs in '000s)	AS AT 31ST MARCH, 2008 AMOUNT (Rs in '000s)
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS :</b>		
(Unsecured considered good)		
Outstanding for a period exceeding 6 months	27421.04	9676.52
Other Debts	20534.71	69143.81
	<u>47955.74</u>	<u>78820.33</u>
<b>SCHEDULE 9</b>		
<b>BANK &amp; CASH BALANCES :</b>		
Balances with scheduled Banks :		
in Current Accounts	7149.33	2926.18
in Fixed deposits	2785.02	828.35
Cash & cheques in Hand	2625.64	4560.66
	<u>12559.99</u>	<u>8315.19</u>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES :</b>		
(Unsecured considered good)		
Loans	-	-
Advances recoverable in cash or in kind or for Value to be received.		
a) Advances	73298.52	48404.78
b) Deposits	17721.01	16985.01
	<u>91019.53</u>	<u>65389.79</u>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry creditors	77642.92	75096.55
Advances against orders	82042.57	26377.66
Other Liabilities	9030.75	12294.09
	<u>168716.25</u>	<u>113768.30</u>
<b>SCHEDULE 12</b>		
<b>PROVISIONS :</b>		
Provision for Taxation	12115.00	8855.00
Proposed Dividend	3228.00	3228.00
Tax on Dividend	549.00	549.00
	<u>15892.00</u>	<u>12632.00</u>



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**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.**


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	CURRENT YR. AMOUNT (Rs in '000s)	PREVIOUS YR. AMOUNT (Rs in '000s)
<b>SCHEDULE 13</b>		
<b>OTHER INCOME :</b>		
Discount	88.29	133.85
Unpaid Liabilities w/back	105.50	663.73
Compensation Recd.on Matl.	187.73	0.00
Dividend on Mutual Funds	463.84	273.39
Interest on Income Tax Refund	221.63	0.00
Interest on F.D. with Banks	140.61	31.78
TOTAL Rs...	<u>1207.60</u>	<u>1102.75</u>
<b>SCHEDULE 14</b>		
<b>MANUFACTURING EXPENSES :</b>		
Raw Materials Consumed	4699.17	2647.21
Tools & spares consumed	114.80	86.04
Abrasives & Chemicals	480.40	592.87
Repairs & Maintenance	570.28	646.60
Others	3576.77	3533.08
TOTAL Rs...	<u>9441.42</u>	<u>7505.79</u>
<b>SCHEDULE 15</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES :</b>		
Salaries & Staff Welfare	8833.19	7145.82
Rent, Rates & Taxes	9144.70	5347.00
Freight & Forwarding (Exports)	1924.20	3254.08
Advertisement	1204.01	1613.74
Other Selling Expenses	16264.75	4063.10
Directors' Remuneration & Perquisites	4864.86	3495.94
Other Administrative Exps.	28394.73	27329.34
TOTAL Rs...	<u>70630.44</u>	<u>52249.01</u>
<b>SCHEDULE 16</b>		
<b>INTEREST AND OTHER FINANCIAL CHARGES</b>		
Interest on Loans & Cash Credit	8091.62	5305.18
TOTAL Rs...	<u>8091.62</u>	<u>5305.18</u>

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.****SCHEDULE 17****NOTES TO ACCOUNTS****A) SIGNIFICANT ACCOUNTING POLICIES****1. GENERAL :**

The accounts have been prepared on the basis of historical cost convention, and on the principles of a going concern.

**2. REVENUE RECOGNITION :**

All revenues are accounted on accrual basis.

**3. FIXED ASSETS :**

Fixed assets are valued at cost of acquisition.

**4. EXCISE DUTY :**

Excise duty in respect of goods manufactured by the company is accounted at the time of removal of goods from the factory.

**5. SALES :**

Sales includes Excise Duty, Sales tax and exchange rate differences arising on sales transactions. Sales include interdivisional transfers transferred to Retail Store to the tune of Rs.20.07 lacs

**6. INVENTORIES :**

Stocks of Raw Materials, Stores and Spare parts are valued at cost.

Finished goods are valued at lower of cost or net realisable value.

Cost for the purpose of valuation of finished goods is determined by considering material, labour and related overheads.

**7. DEPRECIATION :**

Depreciation on fixed assets has been provided on written down value method on prorata basis at the rates specified in the Schedule XIV to the Companies Act, 1956.

**8. TAXATION :**

Income Tax expense comprises current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Fringe Benefit Tax provision is made in accordance with the provisions of the Income Tax Act, 1961.

**9. INVESTMENTS :**

Investments are stated at 'cost'. A Provision for diminution is made to recognise a decline, if any, other than temporary, in the value of long term investments.

An investment in the shares of subsidiary companies and other companies outside India is stated at cost by converting at the rate of exchange at the time of their acquisition.

**10. LEASES :**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating lease. Operating lease payments are recognized as expense in the Profit and Loss Account on a straight-line basis over the lease term.

**B) OTHER NOTES TO ACCOUNTS**

1. The Hon'ble High Court of Bombay vide its Order dated 19th September, 2008 sanctioned the Scheme of Amalgamation of erstwhile Granitexx Stones and Mosaics Private Limited with the company with effect from 1st October, 2007. Consequently, the current year's figures are not strictly comparable with the previous year's figures.
2. The company had allotted 3,00,000 Equity Share Warrants on Preferential basis to entities other than Promoters in January/February, 2008. Each warrant carries option / entitlement to subscribe to one equity share of Rupees 10/- each at a premium of Rs.105 per share. The option on the said Warrants has since not been exercised.
3. Deposits include Rs.100 lakhs (Previous year Rs.100 lakhs) being Interest free security deposit for lease of premises from a firm in which some of the Directors are interested, (Maximum Amount due Rs.100 lakhs; Previous Year Rs.158 lakhs).

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

	(Rs in '000s)		(Rs in '000s)	
	2008-2009		2007-2008	
4. Auditors' Remuneration :				
a) Audit Fees (inclusive of Service tax)		66.18		84.27
b) Tax Audit Fees (inclusive of Service Tax)		33.09		28.09
5. Remuneration to Directors :				
a) Managerial Remuneration u/s.198 of the Companies Act, 1956.				
Salaries		4800.00		3420.00
Perquisites		64.86		75.94
b) No commission is paid to the Directors. Remuneration paid to the Directors is within the limits specified under section 198 of the Companies Act, 1956.				
6. Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. On the basis of information available with the company, no such parties are being indentified, hence no disclosure have been made in accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.				
7. Particulars of Production, Stock and Turnover :				
	2008-2009		2007-2008	
	Qty.	Value	Qty.	Value
	(Sq.Ft.)	Rs.in '000s	(Sq.Ft.)	Rs.in '000s
a) Licensed Capacity	N.A.	N.A.	N.A.	N.A.
b) Installed Capacity (Per annum-As certified by the management)	180,000	N.A.	180,000	N.A.
c) Production : Granite	20,774	N.A.	20,005	N.A.
: Marble	Nil	N.A.	Nil	N.A.
d) Stocks				
Opening : Granite	3,684	496.54	2,958	421.10
: Marble	Nil	Nil	Nil	Nil
: Semi Precious	N.A.	2486.77	Nil	Nil
Closing : Granite	3,400	456.93	3,684	496.54
: Marble	Nil	Nil	Nil	Nil
: Semi Precious	N.A.	6587.87	N.A.	2486.77
e) Turnover : Granite	21,058	3187.90	19,279	1835.09
: Marble	Nil	Nil	Nil	Nil
: Semi Precious	N.A.	Nil	7.00	1327.66
f) TRADING MATERIALS				
Granite :				
Sales	38,090	6509.23	81,078	11328.94
Purchases	38,844	6555.20	84,411	7998.70
Opening Stock	6,465	2322.82	3,132	1194.07
Closing Stock	7,218	2676.72	6,465	2322.82
Marble :				
Sales	379,139	227304.34	473,841	245280.36
Purchases	516,843	213396.53	509,949	219665.01
Opening Stock	194,344	98619.36	158,237	63889.60
Closing Stock	332,047	173078.75	194,344	98619.36
Slate :				
Sales	106,151	14234.19	169,846	12142.41
Purchases	136,822	9417.35	168,785	6835.30
Opening Stock	2,204	206.19	3,266	133.69
Closing Stock	32,875	2107.96	2,204	206.19

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

	2008-2009		2007-2008	
	Qty. (Sq.Ft.)	Value Rs.in '000s	Qty. (Sq.Ft.)	Value Rs.in '000s
Marble Blocks :	(M.Tons)	(M.Tons)		
Sales	69	557.04	-	-
Purchases	69	391.74	-	-
Opening Stock	-	-	-	-
Closing Stock	-	-	-	-
Building Steel :	(M.Tons)	(M.Tons)		
Sales	567	100912	-	-
Purchases	567	100678	-	-
Opening Stock	-	-	-	-
Closing Stock	-	-	-	-
Misc.Items :				
Sales	N.A.	2300.47	N.A.	4281.58
Purchases	N.A.	218.29	N.A.	3938.78
Opening Stock	N.A.	1609.46	N.A.	729.86
Closing Stock	N.A.	3139.75	N.A.	1609.46
Marble (Articles) :	(Pcs.)		(Pcs.)	
Sales	-	-	2	23.63
Purchases	-	-	91	1021
Opening Stock	114	1199.19	25	193.75
Closing Stock	114	1199.19	114	1199.19
Mosaics :				
Sales	31995	13759.28	40843	11491.53
Purchases	35487	8496.36	40843	6402.02
Opening Stock	-	-	-	-
Closing Stock	3492	658.43	-	-
Sandstone Articles :				
Sales	N.A.	592.85	N.A.	1309.86
Purchases	N.A.	321.45	N.A.	651.95
Opening Stock	-	-	-	-
Closing Stock	N.A.	145.07	-	-
Slate Articles :				
Sales	307	827.18	58	1160.95
Purchases	307	270.74	1	20.76
Opening Stock	NIL	NIL	57	315.51
Closing Stock	NIL	NIL	NIL	NIL
Semi Precious :				
Sales	N.A.	4257.66	N.A.	4737.50
Purchases	N.A.	5683.59	N.A.	3388.30
Opening Stock	N.A.	593.39	N.A.	NIL
Closing Stock	N.A.	593.39	N.A.	593.39
8. Raw Materials Consumed :				
	Qty.	Value Rs.in '000s	Qty.	Value Rs.in '000s
Granite Blocks (cubic mt.)	29	540.70	48	893.87
Granite Strips (sq.ft.)	6,536	621.36	1520	217.78
Marble/Slate (sq.ft.)	10611.44	361.29	Nil	Nil
Semi Precious (Kgs)	24922.49	3175.82	9005.00	1535.55

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

## 9. Imported &amp; Indigenous Raw Materials,

Stores and Spares consumed :	2008-2009		2007-2008	
	Value Rs.in '000s	%	Value Rs.in '000s	%
a) Raw Materials				
Indigenous	4699.17	100.00	2647.21	100.00
Imported	-	0.00	-	0.00
	<u>4699.17</u>	<u>100.00</u>	<u>2647.21</u>	<u>100.00</u>
b) Stores & Spares				
Indigenous	595.20	100.00	678.91	100.00
Imported	0.00	0.00	0.00	0.00
	<u>595.20</u>	<u>100.00</u>	<u>678.91</u>	<u>100.00</u>

10. Value of Imports on CIF Basis :	(Rupees in '000s)	
	2008-2009	2007-2008
a) Finished Products	22222.10	28076.20
b) Stores & Consumables	NIL	NIL
TOTAL	22222.10	28076.20

11. Income / Expenditure in Foreign Currency :	(Rupees in '000s)	
	2008-2009	2007-2008
INCOME		
Export of Goods (F.O.B. basis)	23537.50	33926.66
EXPENDITURE		
Tools & Spares (C.I.F. basis)	NIL	NIL
Foreign Travel	2264.31	3998.27

12. Segment Reporting : The Company has only one reportable segment namely "Natural Stone Products".

13. In the opinion of the Management, the value on realisation of current assets, loans and advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet

14. Sundry Creditors, Debtors, Loans and Advances are subject to confirmation and/or reconciliation.

15. DEFERRED TAXATION :

(a) Net Deferred Tax Liability on account of :

	Accumulated As on 1/4/2008 (Rs.in'000s)	Charge/ Credit during the year (Rs.in'000s)	As on 31/3/2009 (Rs.in'000s)
(i) Depreciation	532.63	-838.47	-305.85

(b) In accordance with "Accounting Standard 22", Deferred tax liability has been recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

16. Related Parties Disclosure :

## 1) Relationships :

- (a) Key Management Personnel :  
Mr. Milan B. Khakhar  
Mr. Prakash B. Khakhar
- (b) Subsidiaries Companies :  
Granitexx UK Ltd.,U.K.  
Stone Source GB Ltd.,U.K.
- (c) Other Related Parties where control exists :  
Global Instile Solid Industries Ltd.  
Universal Tiles & Stone Co. Ltd.
- (d) Relatives of Key Management Personnel and their  
Enterprises, where transactions have taken place :  
Milan Marble & Tiles  
Vasumati B. Khakhar  
Jeenoo Khakhar  
Shraddha Khakhar

Note : Related party relationship on the basis of the requirements of Accounting Standard 18 (AS-18) is as identified by the Company and relied upon by the Auditors

## 2) Transactions carried out with Related parties referred to in 1 above, in ordinary course of business :

NATURE OF TRANSACTIONS	RELATED PARTIES		(Rs.in'000s)	
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	Referred in 1(d) above
<b>PURCHASES :</b>				
Goods and Material			174778.58	
Jobwork				
<b>SALES :</b>				
Goods and Material		826.52	49578.71	
Jobwork			1436.53	
<b>EXPENSES :</b>				
Rent				240.00
Remuneration & Allowances	4864.86			960.00
Directors' fees				15.00
<b>INCOME :</b>				
<b>OUTSTANDINGS :</b>				
Payable			2395.47	217.92
Receivable		6496.99		

## 17. Lease :

Disclosure as required by Accounting Standard 19 (AS-19) issued by the The Institute of Chartered Accountants of India are as follows :

## Operating Lease :

The Company's significant leasing arrangements are in respect of office premises, warehouse and showrooms taken on lease. The arrangements are generally from 33 months to 60 months.

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

Under these agreements, generally refundable interest-free deposits have been given. In respect of above arrangement, lease rentals payable are recognised in the Profit and Loss Account for the year.

Total of Minimum lease payment for a period :-

( Rupees in '000s )

Particulars	March 31,2009	March 31,2008
Not later than One year	999	7,767
Later than one year and not later than five years	NIL	5,675
Later than five years	NIL	NIL
<b>18. EARNINGS PER SHARE (E.P.S.) :</b>	<b>2008-09</b>	<b>2007-08</b>
(a) Profit after Tax as per Profit and Loss Account (A) (Rupees in thousands)	6016.16	6598.61
(b) (i) Weighted Average Number of Shares Outstanding (B)	5,380,000	4,248,306
(ii) Total Number of Shares Outstanding (C) (including 16,00,000 Equity shares to be allotted to the Shareholders of Transferor Company-Pr.Yr.)	5,380,000	
(iii) Total Number of Warrants Outstanding (D)	300,000	300,000
(iv) Weighted Average Number of Warrants Outstanding (E)	300,000	51,230
(v) Total Number of Shares for Diluted E.P.S. (F)	5,680,000	4,299,536
(c) (i) Diluted Earnings per Share (Rs.) (A/F)	1.06	1.53
(ii) Basic Earnings per Share (Rs.) (A/B)	1.12	1.55

19. Previous year's figures have been recasted/regrouped wherever necessary.

As per our Report of Even Date attached

**For K. PODDAR & ASSOCIATES**

*Chartered Accountants*

**KISHORE PODDAR**

*PROPRIETOR*

MUMBAI:

DATED : 28th August, 2009

For and on behalf of the Board

**M.B.KHAKHAR**

Chairman & Managing Director

**P.B.KHAKHAR**

*Joint Managing Director*

**PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**  
**Balance Sheet Abstract and Company's General Business Profile**

I	Registration Details	:
	Registration No	56449
	State Code	11
	Balance Sheet Date	31.03.2009
II	Capital raised during the year (Amount in Rupees Thousands)	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
III	Position of mobilisation and deployment of funds (Amount in Rupees Thousands)	
	Total Liabilities	221077
	Total Assets	221077
	Sources of Funds :	
	Paid up Capital	57250
	Reserves and Surplus	80595
	Secured Loans	82242
	Unsecured Loans	991
	Net Deferred Tax Liability	0
	Application of Funds :	
	Net Fixed Assets	32352
	Investments	28799
	Net Current Assets	159545
	Misellaneous Expenditure	76
	Deferred Tax Asset	306
	Accumulated Losses	Nil
IV	Performance of Company (Amount in Rupees Thousands)	:
	Turnover*	381319
	Total Expenditure	372645
	Profit before Tax	8674
	Profit after Tax	6016
	Earning Per Share	1.12
	Dividend Rate (%)	6.00
V	Generic Names of three principal products/services of the Company :	
	Item Code No.(ITC CODE)      Product Description	
	1.                                      Granite	
	2.                                      Marble	
	3.                                      Slate	

\* Represents Income from Operations and other income



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Year Ended 31-3-2009 (Rs. In '000s)		Year Ended 31-3-2008 (Rs. In '000s)	
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit before tax and Extraordinary Items		8673.79		10946.29
Adjustments for :				
Depreciation	5353.96		3891.21	
Preliminary Expenses W/off (Pr.Yr.:of Transferor Company)	9.44		9.44	
Interest/Dividend Income	-826.08		-305.17	
Interest on Borrowings	8091.62		5305.18	
Profit on Sale of Asset	-39.47		0.00	
Loss on Investments	11.03		1649.65	
		<u>12600.50</u>		<u>10550.31</u>
Operating Profit before Working Capital Changes		21274.29		21496.60
Adjustments for :				
Trade and other Receivables	8836.37		-36676.67	
Inventories	-83771.99		-41899.76	
Trade Payables and other Liabilities	54947.95		27811.39	
		<u>-19987.67</u>		<u>-50765.04</u>
Cash Generated from Operations		1286.62		-29268.44
Interest Paid	-8091.62		-5305.18	
Direct Taxes Paid (Net)	-4386.63		-6308.14	
		<u>-12478.25</u>		<u>-11613.32</u>
NET CASH USED IN OPERATING ACTIVITIES ... A		<u>-11191.63</u>		<u>-40881.75</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets		-19034.41		-5549.59
Sale of Fixed Assets		125.00		0.00
Interest/Dividend Received		826.08		305.17
Purchase of Shares/Mutual Funds		-18568.00		-17909.35
Sale of Investments		20226.59		1588.63
NET CASH USED IN INVESTING ACTIVITIES... B		<u>-16424.75</u>		<u>-21565.15</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from issue of Share Capital (incl.Sh.Premium)		0.00		40000.00
Warrants Application Money		0.00		3450.00
Borrowings (Net)		33610.55		19116.89
Addition to Term Loans		1478.63		3601.07
Dividends Paid		-3228.00		-2704.00
NET CASH FROM FINANCING ACTIVITIES... C		<u>31861.18</u>		<u>63463.96</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Year Ended 31-3-2009		Year Ended 31-3-2008	
	(Rs. In '000s)		(Rs. In '000s)	
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		4244.80		1017.05
CASH AND CASH EQUIVALENTS AS AT 01/04/2008		8315.19		3242.42
ADD: CASH AND CASH EQUIVALENTS ON MERGER AS ON 01/10/2007		0.00		4055.71
CASH AND CASH EQUIVALENTS AS AT 31/03/2009		12559.99		8315.19

Note : Figures in negative represent outflows

For and on behalf of the Board

**P.B.KHAKHAR**

Chairman & Managing Director

**P.B.KHAKHAR**

Joint Managing Director

DATED : 28th August, 2009

**AUDITORS' CERTIFICATE**

The Board of Directors,  
Solid Stone Company Limited,  
Mumbai.

We have examined the attached Cash Flow Statement of Solid Stone Company Ltd. for the year ended 31st March, 2009. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreements with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of 28th August, 2009 to the members of the Company.

**For K. PODDAR & ASSOCIATES**

Chartered Accountants

**KISHORE K. PODDAR**

Proprietor

DATED : 28th August, 2009

**AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS****To the Board of Directors of Solid Stone Company Limited**

We have audited the attached Consolidated Balance Sheet of **SOLID STONE COMPANY LIMITED** its subsidiaries Granitexx UK Limited and Stone Source GB Limited as at March 31, 2009, the Consolidated Profit and loss Account and the Consolidated Cash Flow Statement for the year ended on that date. 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.

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 prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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.

The financial statements of subsidiary companies, Granitexx UK Limited and Stone Source GB Limited for the year ended March 31, 2009, have been compiled by Chartered Certified Accountants, UK whose reports have been furnished to us and whose financial statements reflect total assets (net) of Rupees 4.14 lacs and total revenue loss of Rupees 9.55 lacs. We have placed reliance on the said reports for the purpose of our opinion on the Consolidated Financial Statements.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, " Consolidated Financial Statements" and Accounting Standard 23, "Accounting for Investment in Associates" issued by the Institute of Chartered Accountants of India on the basis of separate audited financial statements of Solid Stone Company Limited and its Subsidiary Companies included in the Consolidated Financial Statements.

On the basis of information and explanations given to us and on the consideration of reports of other auditors on separate financial statement and on the other financial information of the component and accounts approved by the Board of Directors of aforesaid subsidiaries, we are of opinion that said consolidated financial statements read with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India;

- (1) in the case of the Consolidated Balance Sheet, of the state of affairs of Solid Stone Company Limited and its subsidiaries as at March 31, 2009;
- (2) in the case of Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
- (3) in the case of Consolidated Cash Flow Statement, of cash flows of the Group for the year ended on that date.

**For K.PODDAR & ASSOCIATES**  
*CHARTERED ACCOUNTANTS*

**KISHORE PODDAR**  
*Proprietor*

PLACE : MUMBAI  
DATE : 28th August, 2009

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009**

		AS AT 31ST MARCH,2009 (Rs.in '000s)		AS AT 31ST MARCH,2008 (Rs.in '000s)	
	SCH	AMOUNT	AMOUNT	AMOUNT	AMOUNT
<b>SOURCES OF FUNDS :</b>					
<b>1. SHAREHOLDERS' FUNDS :</b>					
a) Share Capital	1	57250.00		57250.00	
b) Reserves & Surplus	2	79076.05		77435.39	
			136326.05		134685.39
<b>2. LOAN FUNDS :</b>					
a) Secured Loans	3	82241.60		46739.12	
b) Unsecured Loans	4	2742.65		1889.80	
			84984.25		48628.92
Deferred Tax Liability			0.00		532.63
<b>TOTAL</b>			<b>221310.30</b>		<b>183846.94</b>
<b>APPLICATION OF FUNDS :</b>					
<b>1. FIXED ASSETS :</b>					
Gross Block	5	51717.84		32151.16	
Less: Depreciation		18011.00		13049.90	
Net Block			33706.84		19101.26
<b>2. INVESTMENTS :</b>	6		27189.73		28859.35
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
a) Inventories	7	198000.07		114655.22	
b) Sundry Debtors	8	42062.39		73564.61	
c) Bank & Cash Balances	9	18868.83		8717.95	
d) Loans & Advances	10	90652.81		65781.32	
			349584.10		262719.09
Less:Current Liabilities & Provisions					
a) Current Liabilities	11	173503.46		114344.73	
b) Provisions	12	16088.51		12631.60	
Net Current Assets			159992.14		135742.76
<b>MISCELLANEOUS EXPENDITURE</b>					
Preliminary Expenses (To the extent not w/off)			96.29		107.63
Deferred Tax Asset			305.85		0.00
Foreign Currency Translation Account			19.45		35.93
<b>TOTAL</b>			<b>221310.30</b>		<b>183846.94</b>
<b>ACCOUNTING POLICIES &amp; NOTES TO ACCOUNTS</b>					
	17				

As per our Report of Even Date attached  
**For K. PODDAR & ASSOCIATES**  
*Chartered Accountants*

For and on behalf of the Board

**KISHORE PODDAR**  
 PROPRIETOR

**M.B.KHAKHAR**  
 Chairman & Managing Director

**P.B.KHAKHAR**  
 Joint Managing Director

MUMBAI:  
 DATED : 28th August, 2009

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**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2009**


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SCHEDULES	CURRENT YEAR (Rs.in '000s)		PREVIOUS YEAR (Rs.in '000s)	
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
<b>INCOME :</b>				
Sales	380035.43		296452.39	
Increase/(Decrease) in Stock of Fin. Goods	4061.49		2562.20	
Other Income	13	1480.42	1102.75	
Profit on sale of Asset		39.47		
		<u>385616.81</u>	<u>300117.34</u>	
<b>EXPENDITURE :</b>				
Manufacturing Expenses	14	9441.42	7505.79	
Cost of Goods Traded		280104.23	218333.94	
Administrative, Selling & Other Expenses	15	74346.79	53390.95	
Interest & Other Financial Charges	16	8093.80	5305.18	
Depreciation		5695.32	3900.84	
Preliminary Expenses W/off		9.44	9.44	
Loss on Investments		11.03	1649.65	
		<u>377702.03</u>	<u>290095.79</u>	
PROFIT BEFORE TAX		7914.79	10021.55	
Income Tax (Prior Year Adj.)		236.11	30.89	
Provision for Taxation :				
Current Tax		3016.51	3990.00	
Fringe Benefit Tax		440.00	470.00	
Deferred Tax		-838.47	-143.21	
PROFIT AFTER TAX		<u>5060.65</u>	<u>5673.87</u>	
Share of (Profit)/Loss trf.To Minority Interest		357.02	3.90	
Add: Balance brought forward from previous year		23580.49	20227.90	
Balance brought forward on Merger		0.00	1451.42	
BALANCE AVAILABLE FOR APPROPRIATION		<u>28998.15</u>	<u>27357.09</u>	
APPROPRIATION :				
Proposed Dividend		3228.00	3228.00	
Tax on Dividend		549.00	548.60	
BALANCE CARRIED TO BALANCE SHEET		<u><u>25221.15</u></u>	<u><u>23580.49</u></u>	
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	17			

As per our Report of Even Date attached  
**For K. PODDAR & ASSOCIATES**  
*Chartered Accountants*

For and on behalf of the Board

**KISHORE PODDAR**  
*PROPRIETOR*

**M.B.KHAKHAR**  
 Chairman & Managing Director

**P.B.KHAKHAR**  
*Joint Managing Director*

MUMBAI:

DATED : 28th August, 2009

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.**

	AS AT 31ST MARCH, 2009 AMOUNT (Rs.in '000s)	AS AT 31ST MARCH, 2008 AMOUNT (Rs.in '000s)
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b> 75,00,000 Equity Shares of Rs.10 each. (Pr.Yr. 75,00,000 Eq.Shares of Rs.10 each)	75000.00	75000.00
<b>Issued, Subscribed &amp; Paid-up:</b> 53,80,000 Equity Shares of Rs.10/- each fully paid-up. (Prev.Year 37,80,000 Equity Shares of Rs.10/- each fully paid-up.)	53800.00	37800.00
<b>Equity Share Warrants Application Money</b> (3,00,000 warrants of Rs.115/- each, 10% paid-up.)	3450.00	3450.00
TOTAL Rs...	<u>57250.00</u>	<u>41250.00</u>
<b>SCHEDULE 1 A</b>		
<b>SHARE CAPITAL SUSPENSE ACCOUNT</b> 16,00,000 Equity Shares of Rs.10 each to be issued as fully paid-up to the Shareholders of Granitexx Stones and Mosaics Private Limited as per the Scheme of Amalgamation.	0.00	16000.00
	<u>0.00</u>	<u>16000.00</u>
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS :</b>		
Capital Subsidy	954.90	954.90
Securities Premium Account As per Last Balance Sheet	52400.00	20900.00
Add : Received during the year on Preferential Allotment	0.00	36000.00
Add : Balance transferred of Transferor Company	0.00	9900.00
Less :Adj.d.on account of Merger as per Scheme of Amalgamation	0.00	-14400.00
	52400.00	52400.00
GENERAL RESERVE : Surplus in Profit & Loss Account	500.00 25221.15	500.00 23580.49
TOTAL Rs...	<u>79076.05</u>	<u>77435.39</u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS :</b>		
Loan from Reliance Capital (Secured against Motor Car)	2385.60	0.00
Loan from State Bank of India (Secured against Motor Car)	1798.48	0.00
Loan from TML Finance Ltd. (Secured against Tempo)	180.90	494.00
Loan from Kotak Mahindra Primus Ltd. (Secured against Motor Car)	334.91	1064.01
Loan from Citicorp Maruti Finance Ltd. (Secured against Motor Car)	265.05	366.61
Loan from State Bank of India (Secured against Plant & Machinery)	51.27	409.21
Loan from State Bank of India (Secured against Cap.Assets at Showroom) State Bank of India	3351.52	4555.29
- Cash Credit (Secured against Book Debts / Stock)	73873.85	39850.00
TOTAL Rs...	<u>82241.60</u>	<u>46739.12</u>
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS :</b>		
From Directors:	2276.34	1732.96
From Others:	466.31	156.84

**SCHEDULE 5 SCHEDULE OF FIXED ASSETS AS ON 31ST MARCH, 2009**

	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	ASAT 01/04/2008	ADDITIONS	SALES/ADJT.	ASAT 31/03/2009	UPTO 31/03/2008	ADJUSTMENT FOR THE YEAR	UPTO 31/03/2009	ASAT 31/03/2009	ASAT 31/03/2008
Freehold Land	141.04	0.00	0.00	141.04	0.00	0.00	0.00	141.04	141.04
Factory Building	3759.75	618.50	0.00	4378.25	1798.78	0.00	222.83	2356.64	1960.97
Plant & Machinery	9498.21	3645.07	0.00	13143.28	4610.89	0.00	1394.07	7138.32	4887.32
Electrical Installations	1548.13	341.22	0.00	1889.35	571.23	0.00	173.36	1144.76	976.90
Furniture & Fixtures	9977.00	9470.74	0.00	19447.73	2328.03	0.00	2064.52	15055.19	7648.97
Vehicles	7227.04	6310.89	819.74	12718.18	3740.97	734.22	1840.53	7870.90	3486.07
<b>TOTAL Rs...</b>	<b>32151.16</b>	<b>20386.42</b>	<b>819.74</b>	<b>51717.84</b>	<b>13049.90</b>	<b>734.22</b>	<b>5695.32</b>	<b>33706.84</b>	<b>19101.27</b>
Previous Year Rs...	25725.55	6425.61	0.00	31797.49	9149.06	0.00	3900.84	18757.22	16583.19

TOTAL Rs... 2742.65 1889.80

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.**

	AS AT 31ST MARCH,2009 AMOUNT (Rs.in '000s)	AS AT 31ST MARCH,2008 AMOUNT (Rs.in '000s)
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**SCHEDULE 6****INVESTMENTS : (Non-Trade - At Cost)**

(Long Term - Unquoted)	Nos.	Face Value		
Fully Paid-up Equity Shares				
A) Global Instile Solid Ind.Ltd. (Pr.Year 2,70,000 Shares)	270,000	Rs. 10	9450.00	9450.00
B) a) Shares-Stone Source Trdg.LLC (Pr.Yr.75)	150	AED.1000	1671.75	827.81
b) Share Application- Stone Source Trdg.LLC,UAE (Pr.Yr.25)	0	AED.1000	0.00	275.94
<b>MUTUAL FUNDS</b>				
C) HDFC Liquid Fund (Pr.Yr.10,06,224)	15,99,571	Rs. 10	16025.34	10080.83
D) HSBC Fixed Term-Liquid Fund (Pr.Yr.5,03,223)	4,200	Rs. 10	42.64	5042.64
E) Reliance Liquid Fund (Pr.Yr 3,113)	0	Rs. 10	0.00	32.23
F) Reliance Liquid Fund (Pr.Yr. 3,141)	0	Rs. 1000	0.00	3149.90
(Total Mkt.Value-Mutual Funds - Rs. 16074189 / Pr.Yr.Rs.18,263,835)				

TOTAL Rs... 27189.73 28859.35

**SCHEDULE 7****INVENTORIES :**

(As taken, valued and certified by the Management)		
Finished Goods-Mfd.	7044.80	2983.31
Finished Goods-Trdg.	188981.78	110360.08
Raw Material	1264.16	1220.02
Tools & Stores	46.84	77.32
Stationery	662.50	14.50
<b>TOTAL Rs...</b>	<b>198000.07</b>	<b>114655.22</b>

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.**

	AS AT 31ST MARCH, 2009 AMOUNT (Rs.in '000s)	AS AT 31ST MARCH, 2008 AMOUNT (Rs.in '000s)
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS :</b>		
(Unsecured considered good)		
Outstanding for a period exceeding 6 months	27421.04	9676.52
Other Debts	14641.35	63888.09
	<u>42062.39</u>	<u>73564.61</u>
<b>SCHEDULE 9</b>		
<b>BANK &amp; CASH BALANCES :</b>		
Balances with scheduled Banks :		
in Current Accounts	13423.90	3328.87
in Fixed deposits	2785.02	828.35
Cash & cheques in Hand	2659.91	4560.74
TOTAL Rs...	<u>18868.83</u>	<u>8717.95</u>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES :</b>		
(Unsecured considered good)		
Loans	-	-
Advances recoverable in cash or in kind or for Value to be received.		
a) Advances	72931.79	48796.31
b) Deposits	17721.01	16985.01
TOTAL Rs...	<u>90652.81</u>	<u>65781.32</u>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry creditors	78296.88	75096.55
Advances against orders	85465.58	26377.66
Other Liabilities	9741.00	12870.53
TOTAL Rs...	<u>173503.46</u>	<u>114344.73</u>
<b>SCHEDULE 12</b>		
<b>PROVISIONS :</b>		
Provision for Taxation	12311.51	8855.00
Proposed Dividend	3228.00	3228.00
Tax on Dividend	549.00	548.60
TOTAL Rs...	<u>16088.51</u>	<u>12631.60</u>



**SCHEDULES ANNEXED TO, AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.**

	CURRENT YR. AMOUNT (Rs.in '000s)	PREVIOUS YR. AMOUNT (Rs.in '000s)
<b>SCHEDULE 13</b>		
<b>OTHER INCOME :</b>		
Discount	88.29	133.85
Unpaid Liabilities w/back	105.50	663.73
Compensation Recd.on Matl.	187.73	0.00
Dividend on Mutual Funds	463.84	273.39
Interest on Income Tax Refund	221.63	0.00
Interest on F.D. with Banks	140.61	31.78
PAYE Incentive Allowance	7.29	0.00
Exchange Difference Gains (Subsidiaries)	265.53	0.00
TOTAL Rs...	<u>1480.42</u>	<u>1102.75</u>
<b>SCHEDULE 14</b>		
<b>MANUFACTURING EXPENSES :</b>		
Raw Materials Consumed	4699.17	2647.21
Tools & spares consumed	114.80	86.04
Abrasives & Chemicals	480.40	592.87
Repairs & Maintenance	570.28	646.60
Others	3576.77	3533.08
TOTAL Rs...	<u>9441.42</u>	<u>7505.79</u>
<b>SCHEDULE 15</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES :</b>		
Salaries & Staff Welfare	8833.19	7162.04
Rent, Rates & Taxes	10462.46	5824.18
Freight & Forwarding (Exports)	1924.20	3254.08
Advertisement	1359.94	1613.74
Other Selling Expenses	16264.75	4063.10
Directors' Remuneration & Perquisites	6132.64	3734.53
Other Administrative Exps.	29369.61	27739.29
TOTAL Rs...	<u>74346.79</u>	<u>53390.95</u>
<b>SCHEDULE 16</b>		
<b>INTEREST AND OTHER FINANCIAL CHARGES</b>		
Interest on Loans & Cash Credit	8093.80	5305.18
TOTAL Rs...	<u>8093.80</u>	<u>5305.18</u>

## Notes forming part of the consolidated accounts for the year ended March 31, 2009

## SCHEDULE 17

## 1. Significant Accounting Policies :

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The Significant accounting policies are as follows :

## a) Basics of Accounting:

The Consolidated Financial statements are prepared in accordance with the historical cost convention.

## b) Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

## c) Principles of consolidation :

The consolidated financial statements include the financial statements of Solid Stone Company Limited (the parent company )and its subsidiaries, Granitexx UK Limited, U.K. and Stone Source GB Limited, U.K. The consolidated financial statements have been prepared on the basis of AS 21 - " Consolidated Financial Statements", issued by the ICAI.

## Subsidiaries :

The excess of cost to the parent company of its investment in the subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in such subsidiaries was made is recognised in the financial statements as goodwill. The parent company's portion of equity in such subsidiaries is determined on the basis of book value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions.

The financial statements of the parent company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating Intra - group balances/transactions and resulting unrealized profits in full. Unrealized losses resulting from Intra - group transactions are also eliminated except to the extent that recoverable value of related assets is lower than their cost to the group. Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances except where it is not practicable to do so. Minority interest's share of net loss is adjusted against the income to arrive at the net income attributable to shareholders. Minority interest's share of net assets is to be presented separately in the balance sheet. However, during the year under review, the losses applicable to the minority exceeds the minority interest and hence the excess is adjusted against the minority interest. Consequently, Minority Interest does not appear in the Consolidated Balance Sheet.

The following subsidiary companies are considered in the consolidated financial statements :

Sr. No	Name of Subsidiary Company	Country of Incorporation	% of holding as at March 31,2009
1	Granitexx UK Limited	United Kingdom	100%
2	Stone Source GB Limited	United Kingdom	51% Equity held by Granitexx UK Limited (100% subsidiary) ( Also Subsidiary by virtue of control over composition of Board of Directors )

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Company Act, 1956. The significant accounting policies are as follows :

## d) Fixed Assets / Capital Work-in-Progress :

Expenditure, which is of capital nature, is capitalised. Such expenditure includes purchase price, import duties, levies and any direct attributable cost fo bringing the asset to its working condition.

## e) Depreciation / Amortisation :

Depreciation on fixed assets is provided on Written Down Value method in accordance with the rates specified in Schedule XIV of the Companies Act ,1956 :

In the following foreign subsidiaries, depreciation is provided on Written Down Value method at rates which are higher than the rates given in Schedule XIV to the Companies Act, 1956:

Assets	Stone Source GB Limited
Plant & Equipment	25%

Intangibles :

These are amortised over their useful life, not exceeding five years.

Goodwill on amalgamation is set-off against Securities Premium Account.

f) Investments :

Investments are stated at 'cost'. A Provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments. Investments in other companies outside India is stated at cost by converting at the rate of exchange at the time of their acquisition.

g) Valuation of Inventories :

Materials, Stores and Spares valued at cost on First In First Out Basis.

Work-in-Progress, Finished goods and trading goods are valued at cost or realisable value whichever is lower.

Goods-in-transit are valued at cost.

h) Revenue Recognition :

Sales and Services are recognised when goods are supplied in accordance with the terms of sale and are recorded net of trade discounts, rebates and sales tax collected. Income from services is accrued as per terms of relevant agreement.

Income and Expenditure are accounted on an accrual basis. Dividend income is recognised when the right to receive dividend is established.

i) Provisions for contingencies :

A provision is recognised when :

- i. The Company has a present obligation as a result of a past event;
- ii. It is probable that an outflow of resources embodying economic benefits which will be required to settle the obligation; and
- iii. A reliable estimate can be made of the amount of the obligation

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

j) Accounting of Lease :

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating lease. Operating lease payments are recognized as expense in the Profit and Loss Account on a straight-line basis over the lease term.

k) Taxation :

- i. Provision for Income Tax is made under the liability method after availing exemptions and deductions at the rates applicable under the Income Tax Act, 1961 or applicable foreign tax law in case of foreign subsidiaries.
- ii. Deferred tax resulting from timing difference between book and tax profits is accounted for using the tax rates and laws that has been enacted as of the balance sheet date.
- iii. Deferred tax assets arising on the temporary timing differences are recognized only if, there is reasonable certainty of realization.

l) Foreign Currency Transactions and Translations :

Solid Stone Group translates foreign currency transactions into Indian Rupees at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Indian Rupees at the rate of exchange prevailing at the Balance Sheet date. Exchange differences arising on the settlement of monetary items or on reporting the Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations. Resulting exchange differences are disclosed under the foreign currency translation reserve.

2. The Hon'ble High Court of Bombay vide its Order dated 19th September, 2008 sanctioned the Scheme of Amalgamation of erstwhile Granitexx Stones and Mosaics Private Limited with the company with effect from 1st October, 2007. Consequently, the current year's figures are not strictly comparable with the previous year's figures.
3. The company had allotted 3,00,000 Equity Share Warrants on Preferential basis to entities other than Promoters in January/February, 2008. Each warrant carries option / entitlement to subscribe to one equity share of Rupees 10/- each at a premium of Rs.105 per share. The option on the said Warrants has since not been exercised.

## 4. Payment to Auditors :

Particulars	Rupees in '000s	
	2008-09	2007-08
Audit Fees (including service tax)	99.27	112.36

## 5. Lease :

Disclosure as required by Accounting Standard 19 (AS-19) issued by the The Institute of Chartered Accountants of India are as follows :

## Operating Lease :

The Company's significant leasing arrangements are in respect of office premises, warehouse and showrooms taken on lease. The arrangements are generally from 33 months to 60 months. Under these agreements, generally refundable interest-free deposits have been given. In respect of above arrangement, lease rentals payable are recognised in the Profit and Loss Account for the year.

Total of Minimum lease payment for a period :-

Particulars	Rupees in '000s	
	2008-09	2007-08
Not later than One year	999	10630
Later than one year and not later than five years	NIL	5675
Later than five years	NIL	NIL

## 6. Earnings Per Share (EPS) : Equity Shares of Rupees 10/- fully paid up

Particulars	Rupees in '000s	
	2008-09	2007-08
A. Net Profit for Basic Earning Per Share as per Profit & Loss Account (Rs.in '000s)	5060.65	5673.87
B. Weighted Average No of Equity Shares		
(ii) Total Number of Shares Outstanding (C)		
Basic	5,380,000	4,248,306
Diluted	5,380,000	4,299,536
C. Earning Per Share		
Basic	0.94	1.34
Diluted	0.94	1.32

7. Balances of Sundry Debtors, Sundry Creditors, Loans and Advances and Others are as per books and subject to confirmations and reconciliation, if any.

8. Previous year's figures have been regrouped / rearranged wherever necessary.

As per our Report of Even Date attached

For and on behalf of the Board

**For K. PODDAR & ASSOCIATES**

*Chartered Accountants*

**KISHORE PODDAR**

*PROPRIETOR*

MUMBAI:

DATED : 28th August, 2009

**M.B.KHAKHAR**

*Chairman & Managing Director*

**P.B.KHAKHAR**

*Joint Managing Director*

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Year Ended 31-3-2009		Year Ended 31-3-2008	
	(Rs.in '000s)	(Rs.in '000s)	(Rs.in '000s)	(Rs.in '000s)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit before tax and Extraordinary Items		7914.79		10021.55
Adjustments for :				
Depreciation	5695.32		3900.84	
Preliminary Expenses W/off (Pr.Yr.:of Transferor Company)	9.44		9.44	
Interest/Dividend Income	-826.08		-305.17	
Interest on Borrowings	8093.80		5305.18	
Profit on Sale of Asset	-39.47		0.00	
Loss on Investments	11.03		1649.65	
		<u>12944.04</u>	<u>1649.65</u>	<u>10559.93</u>
Operating Profit before Working Capital Changes		20858.83		20581.48
Adjustments for :				
Trade and other Receivables	10944.29		-31812.47	
Inventories	-83344.86		-47709.43	
Trade Payables and other Liabilities	59158.73		28387.82	
		<u>-13241.84</u>	<u>-51134.08</u>	
Cash Generated from Operations		7616.99		-30552.60
Interest Paid	-8093.80		-5305.18	
Direct Taxes Paid (Net)	-4386.23		-6308.14	
		<u>-12480.04</u>	<u>-11613.32</u>	
NET CASH USED IN OPERATING ACTIVITIES ... A		<u>-4863.05</u>		<u>-42165.92</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets		-20386.42		-5903.26
Sale of Fixed Assets		125.00		0.00
Interest/Dividend Received		826.08		305.17
Purchase of Shares/Mutual Funds		-18568.00		-16314.70
Sale of Investments		20226.59		1588.63
NET CASH USED IN INVESTING ACTIVITIES... B		<u>-17776.76</u>		<u>-20324.17</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from issue of Share Capital (incl.Sh.Premium)		0.00		40000.00
Warrants Application Money		0.00		3450.00
Borrowings (Net)		34876.70		19602.66
Minority Interest		-353.12		-3.90
Foreign Currency Translation Reserve		16.48		-35.93
Addition to Term Loans		1478.63		3601.07
Dividends Paid		-3228.00		-2704.00
NET CASH FROM FINANCING ACTIVITIES... C		<u>32790.69</u>		<u>63909.90</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Year Ended 31-3-2009		Year Ended 31-3-2008	
	(Rs.in '000s)	(Rs.in '000s)	(Rs.in '000s)	(Rs.in '000s)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		10150.88		1419.82
CASH AND CASH EQUIVALENTS AS AT 01/04/2008		8717.95		3242.42
ADD: CASH AND CASH EQUIVALENTS ON MERGER AS ON 01/10/2007		0.00		4055.71
CASH AND CASH EQUIVALENTS AS AT 31/03/2009		18868.83		8717.95

Note : Figures in negative represent outflows

As per our Report of Even Date attached  
**For K. PODDAR & ASSOCIATES**  
*Chartered Accountants*

For and on behalf of the Board

**KISHORE PODDAR**  
*PROPRIETOR*

**M.B.KHAKHAR**  
 Chairman & Managing Director

**P.B.KHAKHAR**  
*Joint Managing Director*

MUMBAI:  
 DATED : 28th August, 2009

**AUDITORS' CERTIFICATE**

The Board of Directors,  
 Solid Stone Company Limited,  
 Mumbai.

We have examined the attached Cash Flow Statement of Solid Stone Company Ltd. for the year ended 31st March, 2009. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreements with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of 28th August, 2009 to the members of the Company.

**For K. PODDAR & ASSOCIATES**  
*Chartered Accountants*

DATED : 28th August, 2009

**KISHORE K. PODDAR**  
*Proprietor*

**GRANITEXX UK LIMITED**  
**THE DIRECTORS' REPORT**  
**YEAR ENDED 31 MARCH 2009**

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year ended 31 March 2009.

**PRINCIPAL ACTIVITIES**

The principal activity of the company during the period was that of importers and suppliers of various types of floor and wall coverings and ancillary services .

**DIRECTORS**

The directors who served the company during the year were as follows:

Mr P Khakhar

Mrs J Khakhar

Mr M Khakhar

Mrs V Khakhar

Mrs S P Khakhar was appointed as a director on 14 April 2009.

**SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:  
99 Kenton Road  
Kenton  
Harrow  
Middlesex  
HA3 0AN

Signed on behalf of the directors

**MR P KHAKHAR**  
*Director*

**GRANITEXX UK LIMITED**  
**PROFIT AND LOSS ACCOUNTS**  
**YEAR ENDED 31 MARCH 2009**

	Note	Year to 31 Mar 09 £	Period from 30 Aug 07 to 31 Mar 08 £
<b>TURNOVER</b>		11,279	3,466
Cost of sales		10,679	665
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		600	2,801
Administrative expenses		24,392	5,396
Other operating income		(38,982)	-
		<hr/>	<hr/>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		15,190	(2,595)
Tax on profit/(loss) on ordinary activities	3	2,697	-
		<hr/>	<hr/>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		12,493	(2,595)
Balance brought forward		(2,595)	-
		<hr/>	<hr/>
Balance carried forward		9,898	(2,595)
		<hr/> <hr/>	<hr/> <hr/>



**GRANITEXX UK LIMITED**  
**BALANCE SHEET**  
**31 MARCH 2009**

			2009		2008
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Investments	4		5,100		51
<b>CURRENT ASSETS</b>					
Stocks		73,874		62,344	
Debtors	5	1,545		15,110	
Cash at bank and in hand		84,540		4,860	
		159,959		82,314	
<b>CREDITORS: Amounts falling due within one year</b>	6	135,160		64,959	
		135,160		64,959	
<b>NET CURRENT ASSETS</b>			24,799		17,355
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			29,899		17,406
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	8		20,001		20,001
Profit and loss account			9,898		(2,595)
			29,899		17,406
<b>SHAREHOLDERS' FUNDS</b>			29,899		17,406

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

## GRANITEXX UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

## 1. ACCOUNTING POLICIES

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

**Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## 2. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	Year to 31 Mar 09 £	Period from 30 Aug 07 to 31 Mar 08 £
Directors' emoluments	14,400	-
Net profit on foreign currency translation	(3,644)	(99)
	<u>          </u>	<u>          </u>

## 3. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	Year to 31 Mar 09 £	Period from 30 Aug 07 to 31 Mar 08 £
Current tax:		
UK Corporation tax based on the results for the year	2,697	-
	<u>          </u>	<u>          </u>
Total current tax	<u>2,697</u>	<u>-</u>

## GRANITEXX UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2009

## 4. INVESTMENTS

	Shares in subsidiary £
<b>COST</b>	
At 1 April 2008	51
Additions	5,049
At 31 March 2009	<u>5,100</u>
<b>NET BOOK VALUE</b>	
At 31 March 2009	<u>5,100</u>
At 31 March 2008	<u>51</u>

The company owns 51% of the issued ordinary share capital of Stone Source GB Limited a company incorporated in Great Britain. The principal activity of the company is that of supplying various types of floor and wall covering.

	2009	2008
Aggregate capital and reserves		
Stone Source GB Limited	(24,219)	(8,512)
Profit and (loss) for the period		
Stone Source GB Limited	(25,609)	(8,612)

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

## 5. DEBTORS

	2009 £	2008 £
Trade debtors	1,326	1,020
Amounts owed by group undertakings	-	5,049
VAT recoverable	219	9,041
	<u>1,545</u>	<u>15,110</u>

## 6. CREDITORS: Amounts falling due within one year

	2009 £	2008 £
Trade creditors	74,088	54,959
Amounts owed to group undertakings	5,000	5,000
Other creditors including taxation:		
Corporation tax	2,697	-
Other creditors	51,375	2,000
Accruals and deferred income	2,000	3,000
	<u>56,072</u>	<u>5,000</u>
	<u>135,160</u>	<u>64,959</u>

## GRANITEXX UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

## 7. RELATED PARTY TRANSACTIONS

During the year the company entered into transactions with entities, which are related parties under Financial Reporting No. 8 by virtue of being fellow subsidiary of the company.

Included in the turnover is £8,410 of sales to its subsidiary Stone Source (GB) Limited. At the year end the amount outstanding is £1,326.

Included in the administrative costs are warehouse rent and overhead charges of £11,075 from its subsidiary Stone Source (GB) Limited. The amount outstanding at the year end is £4,575.

The company has also taken advantage of the exemption conferred by Financial Reporting Standard 8 from disclosing details of transactions with other group companies.

The controlling party is disclosed in Note 9 to the accounts.

## 8. SHARE CAPITAL

Authorised share capital:

	2009	2008
	£	£
100,000 Ordinary shares of £1 each	100,000	100,000
	<u>          </u>	<u>          </u>

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
Ordinary shares of £1 each	20,001	20,001	20,001	20,001
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 9. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Solid Stone Company Limited a company incorporated in India.

**STONE SOURCE (GB) LIMITED****THE DIRECTORS' REPORT****FOR THE YEAR ENDED 31 MARCH 2009**

The director presents his report and the financial statements for the year ended 31 March 2009.

**Director's Responsibilities**

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the director is required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Principal Activity**

The principal activity of the company is retailers of stone and granites products.

**Dividends**

The directors do not recommend a dividend for the year end 31st March 2009.

**Director**

The directors who served during the year, were as follows:

Mr. M. S. Munde

Mr. H. S. Munde

Mr. M. B. Khakhar

Mr. P. B. Khakhar

This report has been prepared in accordance with the special exemptions of Part VII of the Companies Act 1985 relating to small companies.

**ON BEHALF OF THE BOARD:**

**Mr. M. S. Munde**

*Director*

**STONE SOURCE (GB) LIMITED****ACCOUNTANT'S REPORT TO THE DIRECTORS****FOR THE YEAR ENDED 31 MARCH 2009**

We report on the accounts for the year ended 31 March 2009 set out on pages 4 to 10.

Respective responsibilities of director and reporting accountants

As described on page 2 the company's director is responsible for the preparation of the accounts and they consider that the company is exempt from an audit.

In order to assist you to fulfil your statutory responsibilities, you have instructed us to compile the annual accounts based on the accounting records maintained by the company and the information and explanations supplied to us.

Basis of engagement

We have a professional duty to compile accounts which conform with generally accepted accounting principles. We planned our work on the basis that no report is required by statute or regulation for the year. Our work as the compilers of the annual accounts is not an audit of the accounts in accordance with auditing standards. Consequently, our work does not provide assurance that the accounting records or accounts are free from material mis-statement, whether caused by fraud, other irregularities or error and accordingly, no such assurance or opinion is given by us, whether implied or expressed.

Report

We report that, in accordance with your instructions and in order to assist you to fulfil your responsibilities, we have compiled, without carrying out an audit, the accounts from the accounting records of the company and from the information and explanations supplied to us.

Bisram & Nolan  
Chartered Certified Accountants  
Oak House  
235 London Road  
Reading  
Berkshire. RG1 3NY

**STONE SOURCE (GB) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2009**

	Notes	2009	2008
		£	£
<b>Turnover</b>	1	24,422	1,241
Cost of Sales		(22,444)	(868)
		<hr/>	<hr/>
<b>Gross Profit</b>		1,978	373
Rechargeable Expenses		12,782	
PAYE Incentive Allowance		100	
Administrative expenses		(40,437)	(8,985)
		<hr/>	<hr/>
<b>Operating loss</b>	2	(25,577)	(8,612)
Interest receivable		-	-
Interest payable and similar charges		30	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(25,607)	(8,612)
Taxation	3	-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(25,607)	(8,612)
		<hr/> <hr/>	<hr/> <hr/>

**Continuing operations**

All of the company's activities in the above two financial years were derived from continuing operations.

**Total recognised gains and losses**

The company has no recognised gains and losses other than the profit or loss for the year.

## STONE SOURCE (GB) LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2009

	Notes	2009	2008
		£	£
<b>Fixed assets</b>			
Tangible Assets	4	18,197	4,326
Company Formation		285	285
		<u>18,482</u>	<u>4,611</u>
<b>Current assets</b>			
Closing Stock		-	10,706
Debtors	5	7,607	4,097
Cash in hand/bank		2,047	205
		<u>9,654</u>	<u>15,008</u>
<b>Creditors: amounts falling due within one year</b>	6	(52,355)	(28,131)
<b>Net current assets/liabilities</b>		<u>(42,701)</u>	<u>(13,123)</u>
<b>Total assets less current liabilities</b>		<u>(24,219)</u>	<u>(8,512)</u>
<b>Creditors:</b>			
Amounts falling due after more than one year		-	-
<b>Net assets</b>		<u>(24,219)</u>	<u>(8,512)</u>
<b>Capital and reserves</b>			
Called up share capital	7	10,000	100
Profit and loss account	8	(34,219)	(8,612)
Shareholders' funds	9	<u>(24,219)</u>	<u>(8,512)</u>



**STONE SOURCE (GB) LIMITED****BALANCE SHEET****AS AT 31 MARCH 2009**

- 1 During the accounting year of 31 March 2009, the company was entitled to the audit exemption under Section (1) of Section 249A of the Companies Act 1985 (according to turnover and balance sheet total of the company)
- 2 No member or members have requested an audit under Section 249B(2) of the Companies Act 1985;
- 3 That the director acknowledge his responsibility for
  - a) ensuring the company keeps accounting records which comply with section 221, and;
  - b) preparing accounts that give a true and fair view of the state of affair of the company as at 31 March 2009, and of its loss for the year then ended, in accordance with the requirement of section 226, and which otherwise comply with this Act relating to accounts.
- 4 That the director in preparing the accounts has relied upon the exemptions for individual accounts provided by section 246 of the Act (or schedule 8 paragraph 23).
- 5 These accounts have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:

**Mr. M. S. Munde**  
*Director*

**STONE SOURCE (GB) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

(1) Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities

Turnover

Turnover represents net invoiced sales of services, excluding VAT.

Depreciation

Depreciation is provided to write off cost of the assets over their expected useful lives using the following rates;

Plant & Machinery 25% on reducing balance

Office Equipment 25% on reducing balance

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

	2009	2008
	£	£
(2) Operating loss		
After charging or including:		
Depreciation for year	4,685	-
Directors' emoluments	3,000	-
(3) Taxation		
Corporation tax	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The director do not consider that any provision is required for deferred taxation under the accounting policy set out in Note 1.

(4) Tangible fixed assets

	Renewal & Improv'm'ts	Office Equipm'n't	Plant & Equipm't	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2008	3,000	-	1,447	4,447
Additions	1,145	310	17,101	18,556
Disposals				
At 31 March 2009	<u>4,145</u>	<u>310</u>	<u>18,548</u>	<u>23,003</u>
<b>Depreciation</b>				
At 1 April 2008	-	-	121	121
Charge for the year	-	78	4,607	4,685
Disposals				
At 31 March 2009	<u>-</u>	<u>78</u>	<u>4,728</u>	<u>4,806</u>
<b>Net book value</b>				
As At 31 March 2009	<u>4,145</u>	<u>232</u>	<u>13,820</u>	<u>18,197</u>
As At 31 March 2008	<u>3,000</u>	<u>-</u>	<u>1,326</u>	<u>4,326</u>

During the year , stock value of œ14220 was used as display stock in the showroom and capitalised under the heading of plant and equipment .

	2009	2008
	£	£
<b>(5) Debtors</b>		
Trade debtors	885	-
Other debtors	6,282	3,000
Prepayments	440	1,097
	<u>7,607</u>	<u>4,097</u>
<b>(6) Creditors: amounts due within one year</b>		
Trade creditors	19,870	11,726
Other creditors	5,948	7,732
Director's Loan Account	24,737	6,108
Taxation and social security	400	1,740
Accruals	1,400	825
	<u>52,355</u>	<u>28,131</u>
	2009	2008
	£	£
<b>(7) Called up share capital</b>		
Authorised		
10,000 Ordinary shares of œ1 each	10,000	100
	<u>10,000</u>	<u>100</u>
Allotted and issued shares capital		
Fully paid 10,000 Ordinary shares of œ1 each	10,000	100
	<u>10,000</u>	<u>100</u>
<p>During the year, the company increase its share capital to œ10,000 dividend into 10,000 ordinary share of œ1.00 each. The new shares each raking pari passu in all respects with the existing ordinary shares.</p> <p>In addition, the company issued 9,900 ordinary share at par value.</p>		
<b>(8) Profit and loss reserve</b>		
Loss for the financial year	(25,607)	(8,612)
Dividends	-	-
	<u>(25,607)</u>	<u>(8,612)</u>
Retained loss at 1 April 2008	(8,612)	-
Retained loss at 31 March 2009	<u>(34,219)</u>	<u>(8,612)</u>
<b>(9) Reconciliation of movements on shareholder's funds</b>		
Loss for the financial year after taxation	(25,607)	(8,612)
Dividends	-	-
	<u>(25,607)</u>	<u>(8,612)</u>
New share capital subscribed	9,900	100
	<u>(15,707)</u>	<u>(8,512)</u>
Opening shareholders' funds	(8,512)	-
Closing shareholders' funds	<u>(24,219)</u>	<u>(8,512)</u>
<b>(10) Related party transactions</b>		
<p>During the year, the company purchased stock of œ3538 from Solid Stone Company Ltd a company incorporated in India. The directors, Mr M B Khakhar and Mr P B Khakhar are also the directors and shareholders in Solid Stone</p>		

Company Ltd. The amount was unpaid at the year end and is included within the trade creditors. The transaction was carried out at market value.

During the year, the company paid utilities expenses of €12782 on behalf of Granitexx UK Ltd. for shared premises. The amount was partly unpaid at the year end and included within other debtors (note 5).

The company purchased stock of €8,100 from Granitexx UK Ltd and was partly paid the balance is included within the trade creditors. The transaction was carried at market value.

The company purchased stock of €4312 from M Stones, a business owned by the director, Mr. M S Munde. The amount was unpaid and included within the trade creditors. The transaction was carried at market value.

As at the year end, Mr. R. S. Munde, a director of the company, was owed €5,073 for remuneration. The amount is included within other creditors.

**(11) Transactions with directors**

As at 31 March 2009, the company owed the following amounts to the director:

	£
M S Munde	24,737
R S Munde	5,073

The amount is included within the creditor due less than one year. No interest is payable.

**(12) Ultimate controlling party**

The directors consider Granitexx UK Limited to be the immediate controlling party by virtue of its majority shareholding in the company. The directors also consider Solid Stone Company Ltd, a company incorporated in India, to be the ultimate controlling party by virtue of its 100% shareholding in Granitexx UK Limited.

# SOLID STONE COMPANY LIMITED

(FORMERLY SOLID GRANITES LIMITED)

Regd. Office : 1501, Maker Chambers - V, Nariman Point, Mumbai - 400 021.

## FORM OF PROXY

Reg. Folio No.

I/We ..... of

..... in the district of .....

..... being a member of the above named Company hereby appoint

..... of in the district of .....

..... or failing him .....

..... of .....

in the district of .....

as my/our proxy to vote for me/us on my/our behalf at the 19th ANNUAL GENERAL MEETING of the Company to be held on 23rd September, 2009 and at any adjournment thereof.

Signed this ..... day of ..... 2009

Affix  
Rupee. 1  
Revenue  
Stamp

Signature .....

Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

-----Tear from here-----

## ATTENDANCE SLIP

Reg. Folio No.

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Nineteenth Annual General Meeting of the Company at Sunflower II, Centre 1, 30th Floor, World Trade Centre, Cuffe parade, on Wednesday, 23rd September, 2009.

.....  
Member's/Proxy/s Name in BLOCK Letters

.....  
Member's/Proxy's Signature

Note : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL

**NINETEENTH ANNUAL REPORT 2008-2009****BOARD OF DIRECTORS**

Mr. Milan B. Khakhar - Chairman and  
Managing Director

Mr. Prakash B. Khakhar - Joint Managing Director

Mrs. Vasumati B. Khakhar

Mr. K. Natarajan

Ms. A. Y. Parekh

Mr. K. Gopi Nair

**AUDITORS**

M/s. K. Poddar & Associates  
Chartered Accountants  
Mumbai

**BANKERS**

State Bank of India

**REGISTERED OFFICE**

1501, Maker Chambers - V,  
Nariman Point,  
Mumbai - 400 021.

**WORKS**

Plot No. 33/34, S. No. 831/15 & 25,  
Village Mahim, Chintupada,  
Taluka Palghar, Dist. Thane.

**NINETEENTH ANNUAL GENERAL MEETING**

AT

Sunflower II,

Centre 1, 30th Floor,

World Trade Centre,

Cuffe parade, Mumbai-400005

On Wednesday 23rd September, 2009

At 9:15 A.M.

**SOLID STONE COMPANY LIMITED**

**CONTENTS**

NOTICE .....

DIRECTOR'S REPORT .....

REPORT ON CORPORATE GOVERNANCE .....

MANAGEMENT DISCUSSION & ANALYSIS .....

AUDITORS' REPORT .....

BALANCE SHEET .....

PROFIT AND LOSS ACCOUNT .....

SCHEDULES .....

CASH FLOW STATEMENT .....

AUDITORS REPORT TO CONSOLIDATED ACCOUNTS .....

CONSOLIDATED BALANCE SHEET .....

CONSOLIDATED PROFIT AND LOSS ACCOUNT .....

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS .....

CONSOLIDATED CASH FLOW STATEMENT .....

ANNUAL ACCOUNTS OF GRANITEXX UK LIMITED .....

ANNUAL ACCOUNT OF STONE SOURCE GB LIMITED .....