

**NOTICE OF MEETING**

NOTICE is hereby given that the Twentieth Annual General Meeting of the Shareholders of SOLID STONE COMPANY LIMITED will be held at Seminar-II, Centre 1, World Trade Centre, 31st Floor, Cuffe Parade, Mumbai - 400005 on Wednesday, 22nd September, 2010 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, 2010, 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 Mr. K.Natarajan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Ashar & Co., Chartered Accountants in place of M/s. K. Poddar & Associates, Chartered Accountants, existing Auditors and to fix their remuneration.

**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 17th September, 2010 to 22nd September, 2010 (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) Mr. K. Natrajan (79), is a Chartered Accountant and former Secretary (Investment) with Life Insurance Corporation of India,(LIC). He has a rich experience of more than 52 years in areas of Accountancy, Law, Finance and Insurance. He is not holding any other Directorships. He is a member of Remuneration Committee and Chairman of the Audit Committee of the company constituted by the Board for effective Corporate Governance. The relevant details about his attendance of the meeting are given in Report of Corporate Governance forming part of the Annual Report. He is holding 100 shares in the Company. He is not related to any Director of the Company.

**REGISTERED OFFICE**

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

Place : Mumbai

Date : 27th August, 2010

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 Twentieth Annual Report of the Company for the year ended on 31st March, 2010.

**FINANCIAL RESULTS :**

|  | Year Ended<br>31st March, 2010<br>Rs.in '000s | Year Ended<br>31st March, 2009<br>Rs.in '000s |
|--|---|---|
| Gross Income                               | 3,84,099                                      | 3,77,258                                      |
| Profit before Depreciation and Tax         | 16,366  | 14,027  |
| Profit after Tax                           | 6,039   | 6,016   |
| Balance brought forward from Previous year | 26,740  | 24,501  |
| Amount available for Appropriation         | 32,780  | 30,517  |
| Proposed Dividend                          | 3,228   | 3,228   |
| Tax on Dividend                            | 549   | 549   |
| Surplus carried to Balance Sheet           | 29,003  | 26,740  |

**DIVIDEND :**

Your Directors are pleased to recommend a Dividend at the rate of 6% for the year ended 31st March, 2010 on the Equity Share Capital.

**OPERATIONS :**

The Company is continuing to focus on the domestic market which is growing, despite sectoral turnaround witnessed 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 maintained its gross as well as net income, although margins were under pressure due to higher cost of inputs, interest and depreciation provision.

**SUBSIDIARY COMPANIES :**

Information on Financials of Subsidiary Companies viz. Granitexx UK Ltd. and Stone Source GB Ltd. for the year 2009-10 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 :**

Mr.K.Natarajan, Director of the company shall retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself 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, 2010, 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, existing Auditors have expressed their unwillingness to be reappointed as Statutory Auditors of the Company. It is proposed to appoint M/s. Ashar & Co., Chartered Accountants, as Statutory Auditors of the company at the ensuing Annual General Meeting. They have indicated their willingness to act as statutory Auditors, in terms of section 224A of the Companies Act, 1956. The Company has received notice from a member signifying his intention to propose the candidature of M/s. Ashar & Co., Chartered Accountants to the office of the Auditors of the Company. Their appointment needs to be confirmed and 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   | 61,618       | 67,584        |
| Total Cost  | Rs. 3,60,940 | Rs. 4,05,128  |
| Rate per unit   | Rs. 5.86     | Rs. 5.99      |
| Consumption per unit of production (Units per sq.ft.) | 2.19         | 3.25          |

## 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, Customers, Employees and Members of the company at all levels.

PLACE : MUMBAI

DATED : 27th August 2010

For and behalf of the Board

**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  | 3/31/2010         | 3/31/2010            |
|         | Currency  | GBP               | GBP                  |
|         | Exchange rate on the last day of the financial year<br>the financial year | 68.0328           | 68.0328              |
| 1       | Share Capital   | 20001             | 10000                |
| 2       | Reserves  | 32523             | NIL                  |
| 3       | Liabilities   | 94495             | 97930                |
| 4       | Total Liabilities   | 147019            | 107930               |
| 5       | Total Assets  | 147019            | 107930               |
| 6       | Investments (excluding Investment in Subsidiary<br>Companies)             | NIL               | NIL                  |
| 7       | Turnover (Total Revenue)  | 59887             | 71865                |
| 8       | Profit/(Loss) before taxation   | 28717             | (5029)               |
| 9       | Provision for taxation  | 6092              | NIL                  |
| 10      | Profit/(Loss) after taxation  | 22625             | (5029)               |
| 11      | Proposed dividend - Equity  | NIL               | NIL                  |

## 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 2010 the Board met eight times on 29th April, 2009, 24th June, 2009, 31st July, 2009, 28th August, 2009, 11th September, 2009, 30th October, 2009, 27th January, 2010, 8th March, 2010.

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, 2010 and other details are as under:

| Name of Director        | Category                  | No of Board Meetings attended during 2009-10 | 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        | 7  | Yes                       | 2   | -   |
| Mr.Prakash B.Khakhar    | Executive Promoter        | 7  | Yes                       | 2   | -   |
| Mrs.Vasumati B. Khakhar | Non-Executive Promoter    | 6  | Yes                       | 1   | -   |
| Mr.K.Natarajan          | Non-Executive Independent | 7  | Yes                       | -   | -   |
| Ms.Ashni Y. Parekh      | Non-Executive Independent | 7  | Yes                       | -   | -   |
| Mr.K.Gopi Nair          | Non-Executive Independent | 6  | 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 2010 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.

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 2009-2010 |
|--------------------------|---------------------------|--|
| 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 2009-10, Six Audit Committee Meetings were held on 29th April, 2009, 31st July, 2009, 12th August, 2009, 28th August, 2009, 30th October, 2009, 27th January, 2010.

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.

One Meeting of this Committee was held on 27th August, 2009 during the year 2009-10.

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

| Name of Members         | Category                  | Meetings Attended<br>During the year 2009-2010 |
|-------------------------|---------------------------|--|
| Ms.A.Y.Parekh(Chairman) | Independent Non-Executive | 1  |
| Mr.K.Natrajan           | Independent Non-Executive | 1  |
| Mr.K.Gopi Nair          | Independent Non-Executive | 1  |

#### **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 2010 are as follows:

| Name            | Salary    | Allowances | Perquisites | Sitting Fees | Total     |
|-----------------|-----------|------------|-------------|--------------|-----------|
| Mr.M.B.Khakhar  | 24,00,000 | 30,000     | 7,741       | —            | 24,37,741 |
| Mr.P.B.Khakhar  | 24,00,000 | 30,000     | —           | —            | 24,30,000 |
| 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 20th April, 2009, 21st July, 2009, 20th August, 2009, 28th October, 2009, 19th December, 2009, 19th February, 2010.

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

| Name of Members          | Category                  | Meetings Attended<br>During the year 2009-2010 |
|--------------------------|---------------------------|--|
| 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, 2010.

No.of Investors' complaints received during financial year 2009-10 :Nil

No. of Complaints pending unresolved as on 31st March, 2010 : 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 : solidgranites@gmail.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 |
|--------|-----------------|-------------|-----------|--|----------------------------------|
| 19th   | 2008-2009       | Sep 23 2009 | 9.15 a.m. | Sunflower II, Centre 1, 30th Floor, World Trade Centre, Cuffe Parade, Mumbai-400005. | 2                                |
| 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                                |

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.

**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 20th AGM of the members of the company is scheduled to be held on 22nd September, 2010 at Seminar II, Centre 1, World Trade Centre, 31st Floor, Cuffe Parade, Mumbai-400005 at 9.15 a.m.

**b) Financial Calendar for the year 2010-2011 (Provisional)**

|   |   |                           |
|---|---|---------------------------|
| A | Unaudited Results for the first quarter ending on June 30, 2010       | Already Published         |
| B | Unaudited Results for the second quarter ending on September 30, 2010 | By end of October, 2010   |
| C | Unaudited Results for the third quarter ending on December 31, 2010   | By end of January, 2011   |
| D | Unaudited Results for the fourth quarter ending on March 31, 2011.    | By end of April, 2011     |
| E | Results (Audited) for the financial Year ending March 31, 2011        | By end of August, 2011    |
| F | Annual General Meeting for the year ending March 31, 2011             | By end of September, 2011 |

**c) Details of book closures:**

From 17th September, 2010 to 22nd September, 2010 (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 17th September, 2010, on or after 22nd September, 2010.



**e) Stock Exchange Listing:**

The Company's shares are listed on Bombay Stock Exchange (BSE), Mumbai. The Company has paid Annual Listing fees upto financial year 2010-2011 to the Bombay Stock Exchange (BSE)

Scrip code on the Bombay Stock Exchange (BSE) : 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 Bombay Stock Exchange, during financial year 2009-2010 are as under :-

| Month           | Quotation at Mumbai<br>Stock Exchange |       |
|-----------------|---------------------------------------|-------|
|                 | High                                  | Low   |
| April, 2009     | 107.80                                | 88.05 |
| May, 2009       | 91.50                                 | 79.50 |
| June, 2009      | 95.00                                 | 95.00 |
| July, 2009      | 108.00                                | 49.85 |
| August, 2009    | 61.95                                 | 45.20 |
| September, 2009 | 65.00                                 | 52.00 |
| October, 2009   | 58.75                                 | 48.10 |
| November, 2009  | 61.00                                 | 46.00 |
| December, 2009  | 76.50                                 | 53.25 |
| January, 2010   | 73.00                                 | 60.85 |
| February, 2010  | 72.55                                 | 60.00 |
| March, 2010     | 61.95                                 | 50.05 |

(Source : [www.bseindia.com](http://www.bseindia.com))

**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, 2010**

| Shares held     | No.of<br>Shareholders | % of<br>Shareholders | No.of<br>Shares held | % of<br>Shares held |
|-----------------|-----------------------|----------------------|----------------------|---------------------|
| 1-500           | 841                   | 83.35                | 1,12,731             | 2.10                |
| 501 - 1000      | 53                    | 5.25                 | 43,898               | 0.82                |
| 1001 - 2000     | 34                    | 3.37                 | 52,396               | 0.97                |
| 2001 - 3000     | 9                     | 0.89                 | 23,984               | 0.45                |
| 3001 - 4000     | 7                     | 0.69                 | 25,415               | 0.47                |
| 4001 - 5000     | 10                    | 0.99                 | 48,279               | 0.90                |
| 5001 - 10000    | 13                    | 1.29                 | 1,11,118             | 2.07                |
| 10001 and above | 42                    | 4.16                 | 49,62,179            | 92.23               |
| Total           | 1009                  | 100.00               | 53,80,000            | 100.00              |

**j) Shareholding Patterns as on March 31, 2010:**

| Categories           | No of Shares | % of shareholding |
|----------------------|--------------|-------------------|
| Promoters            | 37,44,900    | 69.61             |
| Resident Individuals | 9,68,919     | 18.01             |
| Domestic Cos.        | 6,66,181     | 12.38             |
| 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. 66.85 % of the Company's Share Capital is dematerialized as on 31st March, 2010.

l) The Company has not issued any GDRs/ADRs. No Bonds were Outstanding as on 31st March, 2010.

**m) Address for correspondence:**

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

Ph. 91 22 66115800

**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 2009-2010****Industry Structure and development:**

The Global and Domestic Economy have been witnessing Sectoral turnaround during the year, yet recessionary trends prevail which 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 the 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 2009-2010**

During the financial year 2009-2010, the company achieved a sales turnover of Rs.3840.99 lacs as against a Sales Turnover of Rs.3760.11 lacs in the previous year. Net profit after tax stood at Rs.60.39 lacs as compared to Rs.60.16 lacs in the previous year. The company maintained its gross income as well as net income for the financial year ended 31st March 2010.

**Capital Structure**

There was no change in the capital structure of the company. The issued and paid up share capital as at 31st March, 2010, 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, 2010, 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*  
(ICAI Regn.No.107946W)

**(KISHORE PODDAR)**

*Proprietor*  
(Mem.No.039599)

PLACE : MUMBAI

DATED : 27th August, 2010.

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

We have audited the attached Balance Sheet of **SOLID STONE COMPANY LIMITED** as of 31st March, 2010 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, 2010 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, 2010;
    - (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**  
(ICAI Regn.No.107946W)

**KISHORE PODDAR**  
*Proprietor*  
(Mem.No.039599)

PLACE : MUMBAI

DATE : 27th AUGUST, 2010

**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 had granted unsecured loan to one of its subsidiaries amounting to Rs.4.15 lakhs, which has been received back in the year under review. The maximum balance outstanding during the year was Rs.4.15 lakhs. In our opinion, the terms and conditions were not prima facie prejudicial to the interest of the company.
- (b) By virtue of amalgamation of Granitex 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.8.95 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 2010, 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*  
(ICAI Regn.No.107946W)

**KISHORE PODDAR**  
*Proprietor*  
(Mem.No.039599)

PLACE : MUMBAI  
DATE : 27th AUGUST, 2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

|  |     | AS AT 31ST MARCH,2010<br>(Rs. In '000s) |                  | AS AT 31ST MARCH,2009<br>(Rs. In '000s) |                  |
|--|-----|---|------------------|---|------------------|
|  | SCH | AMOUNT                                  | AMOUNT           | AMOUNT                                  | AMOUNT           |
| <b>SOURCES OF FUNDS :</b>                      |     |   |                  |   |                  |
| 1. SHAREHOLDERS' FUNDS :                       |     |   |                  |   |                  |
| a) Share Capital                               | 1   | 53800.00                                |                  | 57250.00                                |                  |
| b) Reserves & Surplus                          | 2   | 86307.49                                |                  | 80594.99                                |                  |
|  |     |   | 140107.49        |   | 137844.99        |
| 2. LOAN FUNDS :                                |     |   |                  |   |                  |
| a) Secured Loans                               | 3   | 74607.73                                |                  | 82241.60                                |                  |
| b) Unsecured Loans                             | 4   | 990.73                                  |                  | 990.73                                  |                  |
|  |     |   | 75598.46         |   | 83232.33         |
| Deferred Tax Liability                         |     |   | 0.00             |   | 0.00             |
| <b>TOTAL</b>                                   |     |   | <b>215705.95</b> |   | <b>221077.32</b> |
| <b>APPLICATION OF FUNDS :</b>                  |     |   |                  |   |                  |
| 1. FIXED ASSETS :                              |     |   |                  |   |                  |
| Gross Block                                    | 5   | 58722.68                                |                  | 50012.16                                |                  |
| Less: Depreciation                             |     | 23999.82                                |                  | 17660.02                                |                  |
| Net Block                                      |     |   | 34722.86         |   | 32352.14         |
| 2. INVESTMENTS :                               | 6   |   | 12731.26         |   | 28799.25         |
| 3. CURRENT ASSETS, LOANS & ADVANCES            |     |   |                  |   |                  |
| a) Inventories                                 | 7   | 180171.82                               |                  | 192617.54                               |                  |
| b) Sundry Debtors                              | 8   | 83495.81                                |                  | 47955.74                                |                  |
| c) Bank & Cash Balances                        | 9   | 4422.51                                 |                  | 12559.99                                |                  |
| d) Loans & Advances                            | 10  | 92517.43                                |                  | 91019.53                                |                  |
|  |     |   | 360607.57        |   | 344152.81        |
| Less:Current Liabilities & Provisions          |     |   |                  |   |                  |
| a) Current Liabilities                         | 11  | 173736.98                               |                  | 168716.25                               |                  |
| b) Provisions                                  | 12  | 19592.00                                |                  | 15892.00                                |                  |
| Net Current Assets                             |     |   | 167278.59        |   | 159544.56        |
| MISCELLANEOUS EXPENDITURE                      |     |   |                  |   |                  |
| Preliminary Expenses (To the extent not w/off) |     |   | 66.08            |   | 75.52            |
| Deferred Tax Asset                             |     |   | 907.16           |   | 305.85           |
| <b>TOTAL</b>                                   |     |   | <b>215705.95</b> |   | <b>221077.32</b> |
| ACCOUNTING POLICIES & NOTES TO ACCOUNTS        |     |   |                  |   |                  |
|  | 17  |   |                  |   |                  |

As per our Report of Even Date attached  
**For K. PODDAR & ASSOCIATES**  
Chartered Accountants  
(ICAI Regn.No.107946W)

For and on behalf of the Board

**KISHORE PODDAR**  
PROPRIETOR  
(Mem.No.039599)

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

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

MUMBAI:  
DATED : 27th August, 2010



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**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**


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|  | SCHEDULES | CURRENT YEAR<br>(Rs. In '000s) |           | PREVIOUS YEAR<br>(Rs. In '000s) |           |
|--|-----------|--------------------------------|-----------|---------------------------------|-----------|
|  |           | AMOUNT                         | AMOUNT    | AMOUNT                          | AMOUNT    |
| <b>INCOME :</b>  |           |                                |           |                                 |           |
| Sales  |           | 384098.59                      |           | 376010.66                       |           |
| Increase/(Decrease) in<br>Stock of Fin. Goods          |           | -2792.20                       |           | 4061.49                         |           |
| Other Income   | 13        | 2331.18                        |           | 1207.60                         |           |
| Profit on sale of Asset                                |           | 66.08                          |           | 39.47                           |           |
|  |           |                                | 383703.65 |                                 | 381319.23 |
| <b>EXPENDITURE :</b>                                   |           |                                |           |                                 |           |
| Manufacturing Expenses                                 | 14        | 10251.62                       |           | 9441.42                         |           |
| Cost of Goods Traded                                   |           | 291283.17                      |           | 279107.53                       |           |
| Administrative, Selling<br>& Other Expenses            | 15        | 55120.23                       |           | 70630.44                        |           |
| Interest & Other<br>Financial Charges                  | 16        | 10673.04                       |           | 8091.62                         |           |
| Depreciation   |           | 7063.79                        |           | 5353.96                         |           |
| Preliminary Expenses W/off                             |           | 9.44                           |           | 9.44                            |           |
| Loss on Investments                                    |           | 0.00                           |           | 11.03                           |           |
|  |           |                                | 374401.29 |                                 | 372645.44 |
| <b>PROFIT BEFORE TAX</b>                               |           |                                | 9302.36   |                                 | 8673.79   |
| Income Tax (Prior Year Adj.)                           |           |                                | 164.17    |                                 | 236.11    |
| Provision for Taxation :                               |           |                                |           |                                 |           |
| Current Tax  |           |                                | 3700.00   |                                 | 2820.00   |
| Fringe Benefit Tax                                     |           |                                | 0.00      |                                 | 440.00    |
| Deferred Tax   |           |                                | -601.31   |                                 | -838.47   |
| <b>PROFIT AFTER TAX</b>                                |           |                                | 6039.50   |                                 | 6016.16   |
| Add: Balance brought forward<br>from previous year     |           |                                | 26740.09  |                                 | 24500.93  |
| <b>BALANCE AVAILABLE FOR APPROPRIATION</b>             |           |                                | 32779.59  |                                 | 30517.09  |
| <b>APPROPRIATION :</b>                                 |           |                                |           |                                 |           |
| Proposed Dividend                                      |           |                                | 3228.00   |                                 | 3228.00   |
| Tax on Dividend  |           |                                | 549.00    |                                 | 549.00    |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>                |           |                                | 29002.59  |                                 | 26740.09  |
| <b>ACCOUNTING POLICIES<br/>&amp; NOTES TO ACCOUNTS</b> |           | 17                             |           |                                 |           |

As per our Report of Even Date attached  
**For K. PODDAR & ASSOCIATES**  
 Chartered Accountants  
 (ICAI Regn.No.107946W)

**KISHORE PODDAR**  
 PROPRIETOR  
 (Mem.No.039599)

MUMBAI:  
 DATED : 27th August, 2010

For and on behalf of the Board

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

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.**

|  | AS AT 31ST<br>MARCH,2010<br>AMOUNT<br>(Rs in '000s) | AS AT 31ST<br>MARCH,2009<br>AMOUNT<br>(Rs in '000s) |
|--|---|---|
| <b>SCHEDULE 1</b>  |   |   |
| <b>SHARE CAPITAL</b>   |   |   |
| <b>Authorised:</b>   |   |   |
| 75,00,000 Equity Shares of Rs.10 each.<br>(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<br>of Rs.10/- each fully paid-up.<br>(Prev.Year 53,80,000 Equity Shares<br>of Rs.10/- each fully paid-up.) | 53800.00  | 53800.00  |
| <b>Equity Share Warrants Application Money</b><br>(3,00,000 warrants of Rs.115/- each, 10% paid-up.)                               | -   | 3450.00   |
| TOTAL Rs...  | 53800.0   | 57250.00  |
| <b>SCHEDULE 2</b>  |   |   |
| <b>RESERVES AND SURPLUS :</b>  |   |   |
| Capital Subsidy  | 954.90  | 954.90  |
| Capital Reserve  | 3450.00   | 0.00  |
| Securities Premium Account   | 52400.00  | 52400.00  |
| <b>GENERAL RESERVE</b>   |   |   |
| Surplus in Profit & Loss Account   | 500.00<br>29002.59                                  | 500.00<br>26740.09                                  |
| TOTAL Rs...  | 86307.49  | 80594.99  |
| <b>SCHEDULE 3</b>  |   |   |
| <b>SECURED LOANS :</b>   |   |   |
| Loan from Reliance Capital (Secured against Motor Car)   | 1789.20   | 2385.60   |
| Loan from State Bank of India (Secured against Motor Car)  | 1168.57   | 1798.48   |
| Loan from TML Finance Ltd. (Secured against Tempo)   | 0.00  | 180.90  |
| Loan from Kotak Mahindra Primus Ltd. (Secured against Motor Car)   | 0.00  | 334.91  |
| Loan from Citicorp Maruti Finance Ltd. (Secured against Motor Car)   | 163.50  | 265.05  |
| Loan from State Bank of India (Secured against Plant & Machinery)  | 0.00  | 51.27   |
| Loan from State Bank of India (Secured against Cap.Assets at Showroom)   | 1148.48   | 3351.52   |
| State Bank of India - Cash Credit<br>(Secured against Book Debts / Stock)  | 70337.98  | 73873.85  |
| TOTAL Rs...  | 74607.73  | 82241.60  |
| <b>SCHEDULE 4</b>  |   |   |
| <b>UNSECURED LOANS :</b>   |   |   |
| From Directors:  | 473.98  | 473.98  |
| From Others:   | 516.75  | 516.75  |
| TOTAL Rs...  | 990.73  | 990.73  |

**SCHEDULE 5 : SCHEDULE OF FIXED ASSETS AS ON 31ST MARCH, 2010**

(Rupees in '000s)

|                          | GROSS BLOCK         |                |               | DEPRECIATION        |                    |               |                 | NET BLOCK          |                     |                     |
|--------------------------|---------------------|----------------|---------------|---------------------|--------------------|---------------|-----------------|--------------------|---------------------|---------------------|
|                          | AS AT<br>01/04/2009 | ADDITIONS      | SALES/ADJT.   | AS AT<br>31/03/2010 | UPTO<br>31/03/2009 | ADJUSTMENT    | FOR THE<br>YEAR | UPTO<br>31/03/2010 | AS AT<br>31/03/2010 | AS AT<br>31/03/2009 |
| Freehold Land            | 141.04              |                | 0.00          | 141.04              | 0.00               | 0.00          | 0.00            | 0.00               | 141.04              | 141.04              |
| Factory Building         | 4378.25             | 46.86          | 0.00          | 4425.11             | 2021.61            | 0.00          | 242.25          | 2263.86            | 2161.26             | 2356.64             |
| Plant & Machinery        | 11437.61            | 156.35         | 0.00          | 11593.95            | 5653.99            | 0.00          | 865.12          | 6519.11            | 5074.85             | 5783.62             |
| Electrical Installations | 1889.35             | 0.00           | 0.00          | 1889.35             | 744.59             | 0.00          | 257.68          | 1002.27            | 887.08              | 1144.76             |
| Furniture & Fixtures     | 19447.73            | 9325.22        | 0.00          | 28772.95            | 4392.55            | 0.00          | 3680.53         | 8073.08            | 20699.87            | 15055.19            |
| Vehicles                 | 12718.18            | 0.00           | 817.91        | 11900.28            | 4847.28            | 723.98        | 2018.21         | 6141.51            | 5758.76             | 7870.90             |
| <b>TOTAL Rs...</b>       | <b>50012.16</b>     | <b>9528.43</b> | <b>817.91</b> | <b>58722.68</b>     | <b>17660.02</b>    | <b>723.98</b> | <b>7063.79</b>  | <b>23999.82</b>    | <b>34722.86</b>     | <b>32352.14</b>     |
| Previous Year Rs...      | 31797.49            | 19034.41       | 819.74        | 50012.16            | 13040.27           | 734.22        | 5353.96         | 17660.02           | 32352.14            | 18757.22            |

|  | AS AT 31ST<br>MARCH, 2010<br>AMOUNT<br>(Rs in '000s) | AS AT 31ST<br>MARCH, 2009<br>AMOUNT<br>(Rs in '000s) |
|--|--|--|
|  |  |  |

**SCHEDULE 6****INVESTMENTS : (Non-Trade - At Cost)**

| (Long Term - Unquoted)   | Nos.    | Face Value |         |         |
|--|---------|------------|---------|---------|
| Fully Paid-up Equity Shares                                    |         |            |         |         |
| A) Global Instile Solid Ind.Ltd.<br>(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) Shares-Stone Source Trdg.LLC                                | 150     | AED.1000   | 1671.75 | 1671.75 |

**MUTUAL FUNDS**

|                                |     |             |      |          |
|--------------------------------|-----|-------------|------|----------|
| D) HDFC Liquid Fund            |     | Rs. 10      | 0.00 | 16025.34 |
| E) HSBC Fixed Term-Liquid Fund |     | Rs. 10      | 00.0 | 42.64    |
| (Total Mkt.Value-Mutual Funds) | Rs. | Nil         |      |          |
| Prev. Yr.                      | Rs. | 18,263.835) |      |          |

|                    |  |  |                 |                 |
|--------------------|--|--|-----------------|-----------------|
| <b>TOTAL Rs...</b> |  |  | <b>12731.26</b> | <b>28799.25</b> |
|--------------------|--|--|-----------------|-----------------|

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

(As taken, valued and certified by the Management)

|                      |  |                  |                  |
|----------------------|--|------------------|------------------|
| Finished Goods-Mfd.  |  | 4252.60          | 7044.80          |
| Finished Goods-Trdg. |  | 173053.17        | 183599.25        |
| Raw Material         |  | 2188.23          | 1264.16          |
| Tools & Stores       |  | 107.82           | 46.84            |
| Stationery           |  | 570.00           | 662.50           |
| <b>TOTAL Rs...</b>   |  | <b>180171.82</b> | <b>192617.54</b> |

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**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.**


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|  | AS AT 31ST<br>MARCH, 2010<br>AMOUNT<br>(Rs in '000s) | AS AT 31ST<br>MARCH, 2009<br>AMOUNT<br>(Rs in '000s) |
|--|--|--|
| <b>SCHEDULE 8</b>  |  |  |
| <b>SUNDRY DEBTORS :</b>  |  |  |
| (Unsecured considered good)  |  |  |
| Outstanding for a period exceeding 6 months                          | 37222.75   | 27421.04   |
| Other Debts  | 46273.06   | 20534.71   |
|  | <u>83495.81</u>                                      | <u>47955.74</u>                                      |
| <b>SCHEDULE 9</b>  |  |  |
| <b>BANK &amp; CASH BALANCES :</b>                                    |  |  |
| Balances with scheduled Banks :                                      |  |  |
| in Current Accounts  | 2575.94  | 7149.33  |
| in Fixed deposits  | 260.47   | 2785.02  |
| Cash & cheques in Hand   | 1586.10  | 2625.64  |
|  | <u>4422.51</u>                                       | <u>12559.99</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  | 67672.42   | 73298.52   |
| b) Deposits  | 24845.01   | 17721.01   |
|  | <u>92517.43</u>                                      | <u>91019.53</u>                                      |
| <b>SCHEDULE 11</b>   |  |  |
| <b>CURRENT LIABILITIES :</b>   |  |  |
| Sundry creditors   | 106493.94  | 77642.92   |
| Advances against orders  | 58811.24   | 82042.57   |
| Other Liabilities  | 8431.81  | 9030.75  |
|  | <u>173736.98</u>                                     | <u>168716.25</u>                                     |
| <b>SCHEDULE 12</b>   |  |  |
| <b>PROVISIONS :</b>  |  |  |
| Provision for Taxation   | 15815.00   | 12115.00   |
| Proposed Dividend  | 3228.00  | 3228.00  |
| Tax on Dividend  | 549.00   | 549.00   |
|  | <u>19592.00</u>                                      | <u>15892.00</u>                                      |

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**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.**


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|   | CURRENT YR.<br>AMOUNT<br>(Rs in '000s) | PREVIOUS YR.<br>AMOUNT<br>(Rs in '000s) |
|---|--|---|
| <b>SCHEDULE 13</b>                                    |  |   |
| <b>OTHER INCOME :</b>                                 |  |   |
| Discount  | 51.46                                  | 88.29                                   |
| Unpaid Liabilities w/back                             | 1151.79                                | 105.50                                  |
| Compensation Recd.on Matl.                            | 828.62                                 | 187.73                                  |
| Dividend on Mutual Funds                              | 79.33                                  | 463.84                                  |
| Interest on Income Tax Refund                         | 0.00                                   | 221.63                                  |
| Interest on F.D. with Banks                           | 219.98                                 | 140.61                                  |
| TOTAL Rs...   | <u>2331.18</u>                         | <u>1207.60</u>                          |
| <b>SCHEDULE 14</b>                                    |  |   |
| <b>MANUFACTURING EXPENSES :</b>                       |  |   |
| Raw Materials Consumed                                | 6039.25                                | 4699.17                                 |
| Tools & spares consumed                               | 150.30                                 | 114.80                                  |
| Abrasives & Chemicals                                 | 247.67                                 | 480.40                                  |
| Repairs & Maintenance                                 | 395.56                                 | 570.28                                  |
| Others  | 3418.84                                | 3576.77                                 |
| TOTAL Rs...   | <u>10251.62</u>                        | <u>9441.42</u>                          |
| <b>SCHEDULE 15</b>                                    |  |   |
| <b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES :</b> |  |   |
| Salaries & Staff Welfare                              | 8744.46                                | 8833.19                                 |
| Rent, Rates & Taxes                                   | 6632.29                                | 9144.70                                 |
| Freight & Forwarding (Exports)                        | 420.34                                 | 1924.20                                 |
| Advertisement   | 83.14                                  | 1204.01                                 |
| Other Selling Expenses                                | 18435.28                               | 16264.75                                |
| Directors' Remuneration & Perquisites                 | 4867.74                                | 4864.86                                 |
| Other Administrative Exps.                            | 15936.98                               | 28394.73                                |
| TOTAL Rs...   | <u>55120.23</u>                        | <u>70630.44</u>                         |
| <b>SCHEDULE 16</b>                                    |  |   |
| <b>INTEREST AND OTHER FINANCIAL CHARGES</b>           |  |   |
| Interest on Loans & Cash Credit                       | 10673.04                               | 8091.62                                 |
| TOTAL Rs...   | <u>10673.04</u>                        | <u>8091.62</u>                          |

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.****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.
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.
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 company had allotted 3,00,000 Equity Share Warrants on Preferential basis to entities other than Promoters in January/February, 2008. Each warrant carried 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 and the Application Money received thereon has been forfeited and transferred to Capital Reserve Account.
2. 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.100 lakhs).

|  | (Rs in '000s) | (Rs in '000s) |
|--|---------------|---------------|
|  | 2009-2010     | 2008-2009     |
| 3. Auditors' Remuneration :                                    |               |               |
| a) Audit Fees (inclusive of Service tax)                       | 77.21         | 66.18         |
| b) Tax Audit Fees (inclusive of Service Tax)                   | 33.09         | 33.09         |
| 4. Remuneration to Directors :                                 |               |               |
| a) Managerial Remuneration u/s.198 of the Companies Act, 1956. |               |               |
| Salaries   | 4800.00       | 4800.00       |
| Perquisites  | 67.74         | 64.86         |

- 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.
5. 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.
6. Particulars of Production, Stock and Turnover :

|  | 2009-2010        |                      | 2008-2009        |                      |
|--|------------------|----------------------|------------------|----------------------|
|  | Qty.<br>(Sq.Ft.) | Value<br>Rs.in '000s | Qty.<br>(Sq.Ft.) | Value<br>Rs.in '000s |
| a) Licensed Capacity   | N.A.             | N.A.                 | N.A.             | N.A.                 |
| b) Installed Capacity<br>(Per annum-As certified<br>by the management) | 180,000          | N.A.                 | 180,000          | N.A.                 |
| c) Production : Granite  | 31,203           | N.A.                 | 20,774           | N.A.                 |
| : Slate  | 1,290            | N.A.                 | Nil              | N.A.                 |
| d) Stocks  |                  |                      |                  |                      |
| Opening : Granite  | 3,400            | 456.93               | 3,684            | 496.54               |
| : Slate  | Nil              | Nil                  | Nil              | Nil                  |
| : Semi Precious  | N.A.             | 6587.87              | N.A.             | 2486.77              |
| Closing : Granite  | 3,230            | 360.06               | 3,400            | 456.93               |
| : Slate  | Nil              | Nil                  | Nil              | Nil                  |
| : Semi Precious  | N.A.             | 3892.54              | N.A.             | 6587.87              |
| e) Turnover : Granite  | 31,373           | 6743.74              | 21,058           | 3187.90              |
| : Slate  | 1,290            | 1581.26              | Nil              | Nil                  |
| : Semi Precious  | N.A.             | 4885.46              | N.A.             | Nil                  |
| f) TRADING MATERIALS   |                  |                      |                  |                      |
| GRANITE :  |                  |                      |                  |                      |
| Sales  | 33,148           | 6085.38              | 38,090           | 6509.23              |
| Purchases  | 37,745           | 3374.12              | 38,844           | 6555.20              |
| Opening Stock  | 7,218            | 2676.72              | 6,465            | 2322.82              |
| Closing Stock  | 11,815           | 3360.78              | 7,218            | 2676.72              |
| MARBLE :   |                  |                      |                  |                      |
| Sales  | 389,188          | 218676.54            | 379,139          | 227304.34            |
| Purchases  | 379,688          | 137428.08            | 516,843          | 213396.53            |
| Opening Stock  | 332,048          | 173078.75            | 194,344          | 98619.36             |
| Closing Stock  | 320,403          | 159583.78            | 332,048          | 173078.75            |
| SLATE :  |                  |                      |                  |                      |
| Sales  | 111,887          | 11467.66             | 106,151          | 14234.19             |
| Purchases  | 95,315           | 5105.46              | 136,822          | 9417.35              |
| Opening Stock  | 32,875           | 2107.96              | 2,204            | 206.19               |
| Closing Stock  | 16,205           | 1232.57              | 32,875           | 2107.96              |
| MARBLE BLOCKS :  | (M.Tons)         |                      | (M.Tons)         |                      |
| Sales  | 455              | 5971.28              | 69               | 557.04               |
| Purchases  | 455              | 5648.83              | 69               | 391.74               |
| Opening Stock  | -                | -                    | -                | -                    |
| Closing Stock  | -                | -                    | -                | -                    |
| BUILDING STEEL :   | (M.Tons)         |                      | (M.Tons)         |                      |
| Sales  | 1,382            | 105,199              | 567              | 100,912              |
| Purchases  | 1,382            | 105,111              | 567              | 100,678              |
| Opening Stock  | -                | -                    | -                | -                    |
| Closing Stock  | -                | -                    | -                | -                    |
| MISC.ITEMS :   |                  |                      |                  |                      |
| Sales  | N.A.             | 597.80               | N.A.             | 2300.47              |
| Purchases  | N.A.             | 30.63                | N.A.             | 218.29               |
| Opening Stock  | N.A.             | 3,139.75             | N.A.             | 1,609.46             |
| Closing Stock  | N.A.             | 3,183.93             | N.A.             | 3,139.75             |

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.**

|   | 2009-2010            |                      | 2008-2009            |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | Qty.<br>(Pcs.)       | Value<br>Rs.in '000s | Qty.<br>(Pcs.)       | Value<br>Rs.in '000s |
| <b>MARBLE (ARTICLES) :</b>  |                      |                      |                      |                      |
| Sales   | 3                    | 115.31               | -                    | -                    |
| Purchases   | 4                    | -                    | -                    | -                    |
| Opening Stock   | 114                  | 1199.19              | 114                  | 1199.19              |
| Closing Stock   | 115                  | 1193.86              | 114                  | 1199.19              |
| <b>MOSAICS :</b>  |                      |                      |                      |                      |
| Sales   | 32,217               | 14398.71             | 31,995               | 13759.28             |
| Purchases   | 42,186               | 7815.31              | 35,487               | 8496.36              |
| Opening Stock   | 3,492                | 658.43               | -                    | -                    |
| Closing Stock   | 9,521                | 3405.12              | 3,492                | 658.43               |
| <b>SANDSTONE ARTICLES :</b>   |                      |                      |                      |                      |
| Sales   | N.A.                 | -                    | N.A.                 | 592.85               |
| Purchases   | N.A.                 | -                    | N.A.                 | 321.45               |
| Opening Stock   | N.A.                 | 145.07               | N.A.                 | -                    |
| Closing Stock   | N.A.                 | -                    | N.A.                 | 145.07               |
| <b>SLATE ARTICLES :</b>   |                      |                      |                      |                      |
| Sales   | NIL                  | NIL                  | 307                  | 827.18               |
| Purchases   | NIL                  | NIL                  | 307                  | 270.74               |
| Opening Stock   | NIL                  | NIL                  | NIL                  | NIL                  |
| Closing Stock   | NIL                  | NIL                  | NIL                  | NIL                  |
| <b>SEMI PRECIOUS :</b>  |                      |                      |                      |                      |
| Sales   | N.A.                 | 2465.07              | N.A.                 | 4257.66              |
| Purchases   | N.A.                 | 1659.78              | N.A.                 | 5683.59              |
| Opening Stock   | N.A.                 | 593.39               | N.A.                 | 593.39               |
| Closing Stock   | N.A.                 | 1093.15              | N.A.                 | 593.39               |
| <b>7. Raw Materials Consumed :</b>  |                      |                      |                      |                      |
|   | Qty.                 | Value<br>Rs.in '000s | Qty.                 | Value<br>Rs.in '000s |
| Granite Blocks (cubic mt.)  | 23                   | 552.03               | 29                   | 540.70               |
| Granite Strips (sq.ft.)   | 26,173               | 2552.96              | 6,536                | 621.36               |
| Marble/Slate (sq.ft.)   | 11959.00             | 409.07               | 10611.44             | 361.29               |
| Semi Precious (Kgs)   | 7217.50              | 2488.89              | 24922.49             | 3175.82              |
| <b>8. Imported &amp; Indigenous Raw Materials, Stores and Spares consumed :</b> |                      |                      |                      |                      |
|   | 2009-2010            |                      | 2008-2009            |                      |
|   | Value<br>Rs.in '000s | %                    | Value<br>Rs.in '000s | %                    |
| <b>a) Raw Materials</b>   |                      |                      |                      |                      |
| Indigenous  | 6039.25              | 100.00               | 4699.17              | 100.00               |
| Imported  | -                    | 0.00                 | -                    | 0.00                 |
|   | <u>6039.25</u>       | <u>100.00</u>        | <u>4699.17</u>       | <u>100.00</u>        |
| <b>b) Stores &amp; Spares</b>   |                      |                      |                      |                      |
| Indigenous  | 397.97               | 100.00               | 595.20               | 100.00               |
| Imported  | 0.00                 | 0.00                 | 0.00                 | 0.00                 |
|   | <u>397.97</u>        | <u>100.00</u>        | <u>595.20</u>        | <u>100.00</u>        |
| <b>9. Value of Imports on CIF Basis :</b>                                       |                      |                      |                      |                      |
|   | (Rupees in '000s)    |                      |                      |                      |
|   | 2008-2009            |                      | 2007-2008            |                      |
| a) Finished Products  | 41098.56             |                      | 22222.10             |                      |
| b) Stores & Consumables   | NIL                  |                      | NIL                  |                      |
| TOTAL   | 41098.56             |                      | 22222.10             |                      |



**SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.**

## 10. Income / Expenditure in Foreign Currency :

|                                | (Rupees in '000s) |           |
|--------------------------------|-------------------|-----------|
|                                | 2009-2010         | 2008-2009 |
| INCOME                         |                   |           |
| Export of Goods (F.O.B. basis) | 6892.06           | 23537.50  |
| EXPENDITURE                    |                   |           |
| Tools & Spares (C.I.F. basis)  | NIL               | NIL       |
| Trading Goods Imports          | 41098.56          | 22222.10  |
| Foreign Travel                 | 2404.79           | 2264.31   |

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

12. 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

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

## 14. DEFERRED TAXATION :

(a) Net Deferred Tax Asset on account of :

|                  | Accumulated<br>As on<br>1/4/2009<br>(Rs.in'000s) | Charge/<br>Credit<br>during the<br>year<br>(Rs.in'000s) | As on<br>31/3/2010<br>(Rs.in'000s) |
|------------------|--|---|------------------------------------|
| (i) Depreciation | 306  | 601   | 907                                |

(b) In accordance with "Accounting Standard 22", Deferred tax Asset/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.

## 15. 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 Referred in 1(a) above | PARTIES Referred in 1(b) above | (Rs.in'000s) Referred in 1(c) above | Referred in 1(d) above |
|-----------------------------------|--------------------------------|--------------------------------|-------------------------------------|------------------------|
| PURCHASES :<br>Goods and Material |                                |                                | 59144.31                            |                        |
| SALES :<br>Goods and Material     |                                | 1738.40                        | 366.18                              |                        |
| EXPENSES :<br>Rent                |                                |                                |                                     | 240.00                 |
| Remuneration & Allowances         | 4867.74                        |                                |                                     | 960.00                 |
| Directors' fees                   |                                |                                |                                     | 15.00                  |
| INCOME :                          |                                |                                |                                     |                        |
| OUTSTANDINGS :<br>Payable         |                                |                                | 14227.30                            | 231.00                 |
| Receivable                        |                                | 7571.16                        |                                     |                        |

16. 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 :-

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                                       | March 31,2010 | ( Rupees in '000s )<br>March 31,2009 |
|---|---------------|--------------------------------------|
| Not later than One year                           | 744           | 999                                  |
| Later than one year and not later than five years | NIL           | NIL                                  |
| Later than five years                             | NIL           | NIL                                  |

| 17. EARNINGS PER SHARE (E.P.S.) :  | 2009-10   | 2008-09   |
|--|-----------|-----------|
| (a) Profit after Tax as per Profit and Loss Account (A)<br>(Rupees in thousands) | 6039.50   | 6016.16   |
| (b) (i) Weighted Average Number of Shares Outstanding (B)                        | 5,380,000 | 5,380,000 |
| (ii) Total Number of Shares Outstanding (C)                                      | 5,380,000 | 5,380,000 |
| (iii) Total Number of Warrants Outstanding (D)                                   | 0         | 300,000   |
| (iv) Weighted Average Number of Warrants Outstanding (E)                         | 0         | 300,000   |
| (v) Total Number of Shares for Diluted E.P.S. (F)                                | 5,380,000 | 5,680,000 |
| (c) (i) Diluted Earnings per Share (Rs.) (A/F)                                   | 1.12      | 1.06      |
| (ii) Basic Earnings per Share (Rs.) (A/B)  | 1.12      | 1.12      |

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

As per our Report of Even Date attached

For and on behalf of the Board

**For K. PODDAR & ASSOCIATES**

Chartered Accountants  
(ICAI Regn.No.107946W)

**KISHORE PODDAR**  
PROPRIETOR  
(Mem.No.039599)

**M.B.KHAKHAR**

Chairman & Managing Director

**P.B.KHAKHAR**

Joint Managing Director

MUMBAI:

DATED : 27th August, 2010

## PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

## Balance Sheet Abstract and Company's General Business Profile

|  |                            |            |
|--|----------------------------|------------|
| <b>I Registration Details :</b>  |                            |            |
| Registration No  |                            | 56449      |
| State Code   |                            | 11         |
| Balance Sheet Date   |                            | 31.03.2010 |
| <b>II Capital raised during the year (Amount in Rupees Thousands)</b>                    |                            |            |
| Public Issue   |                            | Nil        |
| Rights Issue   |                            | Nil        |
| Bonus Issue  |                            | Nil        |
| Private Placement  |                            | Nil        |
| <b>III Position of mobilisation and deployment of funds (Amount in Rupees Thousands)</b> |                            |            |
| Total Liabilities  |                            | 215706     |
| Total Assets   |                            | 215706     |
| <b>Sources of Funds :</b>  |                            |            |
| Paid up Capital  |                            | 53800      |
| Reserves and Surplus   |                            | 86307      |
| Secured Loans  |                            | 74608      |
| Unsecured Loans  |                            | 991        |
| Net Deferred Tax Liability   |                            | 0          |
| <b>Application of Funds :</b>  |                            |            |
| Net Fixed Assets   |                            | 34723      |
| Investments  |                            | 12731      |
| Net Current Assets   |                            | 167279     |
| Misellaneous Expenditure   |                            | 66         |
| Deferred Tax Asset   |                            | 907        |
| Accumulated Losses   |                            | Nil        |
| <b>IV Performance of Company (Amount in Rupees Thousands) :</b>                          |                            |            |
| Turnover*  |                            | 383704     |
| Total Expenditure  |                            | 374401     |
| Profit before Tax  |                            | 9302       |
| Profit after Tax   |                            | 6039       |
| Earning Per Share  |                            | 1.12       |
| Dividend Rate (%)  |                            | 6.00       |
| <b>V Generic Names of three principal products/services of the Company :</b>             |                            |            |
| <b>Item Code No.(ITC CODE)</b>   | <b>Product Description</b> |            |
| 1.   | Granite                    |            |
| 2.   | Marble                     |            |
| 3.   | Slate                      |            |

\* Represents Income from Operations and other income

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

|  | Year Ended 31-3-2010<br>(Rs. In '000s) |                  | Year Ended 31-3-2009<br>(Rs. In '000s) |                  |
|--|--|------------------|--|------------------|
|  | AMOUNT                                 | AMOUNT           | AMOUNT                                 | AMOUNT           |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>        |  |                  |  |                  |
| Net Profit before tax and Extraordinary Items          |  | 9302.36          |  | 8673.79          |
| Adjustments for :Depreciation                          | 7063.79                                |                  | 5353.96                                |                  |
| Preliminary Expenses W/off                             | 9.44                                   |                  | 9.44                                   |                  |
| Interest/Dividend Income                               | -299.30                                |                  | -826.08                                |                  |
| Interest on Borrowings                                 | 10673.04                               |                  | 8091.62                                |                  |
| Profit on Sale of Asset                                | -66.08                                 |                  | -39.47                                 |                  |
| Loss on Investments                                    | 0.00                                   |                  | 11.03                                  |                  |
|  |  | <u>17380.88</u>  |  | <u>12600.50</u>  |
| Operating Profit before Working Capital Changes        |  | 26683.24         |  | 21274.29         |
| Adjustments for :                                      |  |                  |  |                  |
| Trade and other Receivables                            | -33002.68                              |                  | 8836.37                                |                  |
| Inventories  | 12445.72                               |                  | -83771.99                              |                  |
| Trade Payables and other Liabilities                   | 5020.74                                |                  | 54947.95                               |                  |
|  |  | <u>-15536.23</u> |  | <u>-19987.67</u> |
| Cash Generated from Operations                         |  | 11147.02         |  | 1286.63          |
| Interest Paid  | -10673.04                              |                  | -8091.62                               |                  |
| Direct Taxes Paid (Net)                                | -4748.46                               |                  | -4386.63                               |                  |
|  |  | <u>-15421.50</u> |  | <u>-12478.25</u> |
| NET CASH USED IN OPERATING ACTIVITIES ... A            |  | <u>-4274.48</u>  |  | <u>-11191.62</u> |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>        |  |                  |  |                  |
| Purchase of Fixed Assets                               |  | -9528.43         |  | -19034.41        |
| Sale of Fixed Assets                                   |  | 160.00           |  | 125.00           |
| Interest/Dividend Received                             |  | 299.30           |  | 826.08           |
| Purchase of Shares/Mutual Funds                        |  | -                |  | -18568.00        |
| Sale of Investments                                    |  | 16067.98         |  | 20226.59         |
|  |  | <u>6998.86</u>   |  | <u>-16424.75</u> |
| NET CASH USED IN INVESTING ACTIVITIES... B             |  | <u>6998.86</u>   |  | <u>-16424.75</u> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>        |  |                  |  |                  |
| Proceeds from issue of Share Capital (incl.Sh.Premium) |  | 0.00             |  | 0.00             |
| Borrowings (Net)                                       |  | -3535.87         |  | 33610.55         |
| Addition to/ /Repayment of Term Loans                  |  | -4097.99         |  | 1478.63          |
| Dividends Paid   |  | -3228.00         |  | -3228.00         |
|  |  | <u>-10861.87</u> |  | <u>31861.18</u>  |
| NET CASH FROM FINANCING ACTIVITIES... C                |  | <u>-10861.87</u> |  | <u>31861.18</u>  |

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

|  | Year Ended 31-3-2010 |          | Year Ended 31-3-2009 |          |
|--|----------------------|----------|----------------------|----------|
|  | (Rs. In '000s)       |          | (Rs. In '000s)       |          |
|  | AMOUNT               | AMOUNT   | AMOUNT               | AMOUNT   |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) |                      | -8137.48 |                      | 4244.81  |
| CASH AND CASH EQUIVALENTS AS AT 01/04/2009                   |                      | 12559.99 |                      | 8315.19  |
| CASH AND CASH EQUIVALENTS AS AT 31/03/2010                   |                      | 4422.51  |                      | 12560.00 |

Note : Figures in negative represent outflows

For and on behalf of the Board

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

**P.B.KHAKHAR**  
Jt. Managing Director

MUMBAI:

DATED : 27th August, 2010

**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, 2010. 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 27th August, 2010 to the members of the Company.

**For K. PODDAR & ASSOCIATES**  
*Chartered Accountants*  
(ICAI Regn.No.107946W)

**KISHORE K. PODDAR**  
*Proprietor*  
(Mem.No.039599)

DATED : 27th August, 2010

**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>31/03/2010</b>                               | <b>31/03/2010</b>                             |
| Number of Equity Shares in the subsidiary held by the Company directly or through its subsidiary companies on March 31, 2010          | 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, 2010  | 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, 2010  | £ 22,624  | (£ 2,565)                                     |
| (b) for previous financial years of the subsidiary since it became subsidiary of Solid Stone Company Limited.                         | £ 32,523  | (£ 20,016)                                    |
| (Figures in brackets denote Losses)   |   |   |

For and on behalf of the Board

MUMBAI : 27th August, 2010

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

**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, 2010, 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, 2010, 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 NIL and total revenue of Rupees 13.65 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, 2010;
- (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*  
(ICAI Regn.No.107946W)

**KISHORE PODDAR**  
*Proprietor*  
(Mem.No.039599)

PLACE : MUMBAI  
DATE : 27th AUGUST, 2010





**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

| SCHEDULES  | CURRENT YEAR<br>(Rs.in '000s) |                  | PREVIOUS YEAR<br>(Rs.in '000s) |        |
|--|-------------------------------|------------------|--------------------------------|--------|
|  | AMOUNT                        | AMOUNT           | AMOUNT                         | AMOUNT |
| <b>INCOME :</b>  |                               |                  |                                |        |
| Sales  | 391337.76                     |                  | 380035.43                      |        |
| Increase/(Decrease) in<br>Stock of Fin. Goods          | -2792.20                      |                  | 4061.49                        |        |
| Other Income   | 13                            | 2341.38          | 1480.42                        |        |
| Profit on sale of Asset                                |                               | 66.08            | 39.47                          |        |
|  |                               | <u>390953.02</u> | <u>385616.81</u>               |        |
| <b>EXPENDITURE :</b>                                   |                               |                  |                                |        |
| Manufacturing Expenses                                 | 14                            | 10251.62         | 9441.42                        |        |
| Cost of Goods Traded                                   |                               | 292654.75        | 280104.23                      |        |
| Administrative, Selling<br>& Other Expenses            | 15                            | 59145.67         | 74346.79                       |        |
| Interest & Other<br>Financial Charges                  | 16                            | 10674.88         | 8093.80                        |        |
| Depreciation   |                               | 7302.79          | 5695.32                        |        |
| Preliminary Expenses W/off                             |                               | 9.44             | 9.44                           |        |
| Loss on Investments                                    |                               | -                | 11.03                          |        |
|  |                               | <u>380039.14</u> | <u>377702.03</u>               |        |
| <b>PROFIT BEFORE TAX</b>                               |                               | 10913.88         | 7914.79                        |        |
| Income Tax (Prior Year Adj.)                           |                               | 164.17           | 236.11                         |        |
| Provision for Taxation :                               |                               |                  |                                |        |
| Current Tax  |                               | 4114.46          | 3016.51                        |        |
| Fringe Benefit Tax                                     |                               | 0.00             | 440.00                         |        |
| Deferred Tax   |                               | -601.31          | -838.47                        |        |
| <b>PROFIT AFTER TAX</b>                                |                               | 7236.56          | 5060.65                        |        |
| Share of (Profit)/Loss trf.To Minority Interest        |                               | 333.36           | 357.02                         |        |
| Add: Balance brought forward<br>from previous year     |                               | 25221.16         | 23580.49                       |        |
| <b>BALANCE AVAILABLE FOR APPROPRIATION</b>             |                               | 32791.08         | 28998.16                       |        |
| <b>APPROPRIATION :</b>                                 |                               |                  |                                |        |
| Proposed Dividend                                      |                               | 3228.00          | 3228.00                        |        |
| Tax on Dividend  |                               | 549.00           | 549.00                         |        |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>                |                               | <u>29014.08</u>  | <u>25221.16</u>                |        |
| <b>ACCOUNTING POLICIES<br/>&amp; NOTES TO ACCOUNTS</b> |                               |                  |                                |        |
| 17   |                               |                  |                                |        |

As per our Report of Even Date attached  
**For K. PODDAR & ASSOCIATES**  
Chartered Accountants  
(ICAI Regn.No.107946W)

**KISHORE PODDAR**  
PROPRIETOR  
(Mem.No.039599)

MUMBAI:  
DATED : 27th August, 2010

For and on behalf of the Board

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

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

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.**

|  | AS AT 31ST<br>MARCH, 2010<br>AMOUNT<br>(Rs.in '000s) | AS AT 31ST<br>MARCH, 2009<br>AMOUNT<br>(Rs.in '000s) |
|--|--|--|
| <b>SCHEDULE 1</b>  |  |  |
| <b>SHARE CAPITAL</b>   |  |  |
| <b>Authorised:</b>   |  |  |
| Authorised:<br>75,00,000 Equity Shares of Rs.10 each.<br>(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<br>of Rs.10/- each fully paid-up.<br>(Prev.Year 53,80,000 Equity Shares<br>of Rs.10/- each fully paid-up.) | 53800.00   | 53800.00   |
| Equity Share Warrants Application Money<br>(3,00,000 warrants of Rs.115/- each, 10% paid-up.)                                      | -  | 3450.00  |
| TOTAL Rs...  | <u>53800.00</u>                                      | <u>57250.00</u>                                      |
| <b>SCHEDULE 2</b>  |  |  |
| <b>RESERVES AND SURPLUS :</b>  |  |  |
| Capital Subsidy  | 954.90   | 954.90   |
| Capital Reserve  | 3450.00  | 0.00   |
| Securities Premium Account   | 52400.00   | 52400.00   |
| GENERAL RESERVE  | 500.00   | 500.00   |
| Surplus in Profit & Loss Account   | 29014.08   | 25221.16   |
| TOTAL Rs...  | <u>86318.98</u>                                      | <u>79076.06</u>                                      |
| <b>SCHEDULE 3</b>  |  |  |
| <b>SECURED LOANS :</b>   |  |  |
| Loan from Reliance Capital (Secured against Motor Car)   | 1789.20  | 2385.60  |
| Loan from State Bank of India (Secured against Motor Car)  | 1168.57  | 1798.48  |
| Loan from TML Finance Ltd. (Secured against Tempo)   | 0.00   | 180.90   |
| Loan from Kotak Mahindra Primus Ltd. (Secured against Motor Car)   | 0.00   | 334.91   |
| Loan from Citicorp Maruti Finance Ltd. (Secured against Motor Car)   | 163.50   | 265.05   |
| Loan from State Bank of India (Secured against Plant & Machinery)  | 0.00   | 51.27  |
| Loan from State Bank of India (Secured against Cap.Assets at Showroom)   | 1148.48  | 3351.52  |
| State Bank of India<br>- Cash Credit (Secured against Book Debts / Stock)  | 70337.98   | 73873.85   |
| TOTAL Rs...  | <u>74607.73</u>                                      | <u>82241.60</u>                                      |
| <b>SCHEDULE 4</b>  |  |  |
| <b>UNSECURED LOANS :</b>   |  |  |
| From Directors:  | 2276.10  | 2276.34  |
| From Others:   | 516.75   | 466.31   |
| TOTAL Rs...  | <u>2792.85</u>                                       | <u>2742.65</u>                                       |

**SCHEDULE 5 : SCHEDULE OF CONSOLIDATED FIXED ASSETS AS ON 31ST MARCH, 2010**

|                          | GROSS BLOCK         |           |             | DEPRECIATION        |                    |            |                 | NET BLOCK          |                     |                     |
|--------------------------|---------------------|-----------|-------------|---------------------|--------------------|------------|-----------------|--------------------|---------------------|---------------------|
|                          | AS AT<br>01/04/2009 | ADDITIONS | SALES/ADJT. | AS AT<br>31/03/2010 | UPTO<br>31/03/2009 | ADJUSTMENT | FOR THE<br>YEAR | UPTO<br>31/03/2010 | AS AT<br>31/03/2010 | AS AT<br>31/03/2009 |
| Freehold Land            | 141.04              | 0.00      | 0.00        | 141.04              | 0.00               | 0.00       | 0.00            | 0.00               | 141.04              | 141.04              |
| Factory Building         | 4378.25             | 46.86     | 0.00        | 4425.11             | 2021.61            | 0.00       | 242.25          | 2263.86            | 2161.26             | 2356.64             |
| Plant & Machinery        | 13143.28            | 156.35    | 0.00        | 13299.63            | 6004.97            | 0.00       | 1104.12         | 7109.08            | 6190.55             | 7138.32             |
| Electrical Installations | 1889.35             | 0.00      | 0.00        | 1889.35             | 744.59             | 0.00       | 257.68          | 1002.27            | 887.08              | 1144.76             |
| Furniture & Fixtures     | 19447.73            | 9325.22   | 0.00        | 28772.95            | 4392.55            | 0.00       | 3680.53         | 8073.08            | 20699.87            | 15055.19            |
| Vehicles                 | 12718.18            | 0.00      | 817.91      | 11900.28            | 4847.28            | 723.98     | 2018.21         | 6141.51            | 5758.76             | 7870.90             |
| TOTAL Rs...              | 51717.84            | 9528.43   | 817.91      | 60428.36            | 18011.00           | 723.98     | 7302.79         | 24589.80           | 35838.56            | 33706.84            |
| Previous Year Rs...      | 32151.16            | 20386.42  | 819.74      | 51717.84            | 13049.90           | 734.22     | 5695.32         | 18011.00           | 33706.84            | 19101.27            |

|  | AS AT 31ST<br>MARCH, 2010<br>AMOUNT<br>(Rs in '000s) | AS AT 31ST<br>MARCH, 2009<br>AMOUNT<br>(Rs in '000s) |
|--|--|--|
|--|--|--|

**SCHEDULE 6****INVESTMENTS : (Non-Trade - At Cost)**

| (Long Term - Unquoted)   | Nos.    | Face Value |          |          |
|--|---------|------------|----------|----------|
| Fully Paid-up Equity Shares  |         |            |          |          |
| A) Global Instile Solid Ind.Ltd.<br>(Pr.Year 2,70,000 Shares )               | 270,000 | Rs. 10     | 9450.00  | 9450.00  |
| B) Shares-Stone Source Trdg.LLC<br>(Pr.Yr.150)                               | 150     | AED.1000   | 1671.75  | 1671.75  |
| <b>MUTUAL FUNDS</b>  |         |            |          |          |
| C) HDFC Liquid Fund  |         | Rs. 10     | 0.00     | 16025.34 |
| D) HSBC Fixed Term-Liquid Fund<br>(Total Mkt.Value-Mutual Funds)<br>(Pr.Yr.) | Rs. Nil | Rs. 10     | 0.00     | 42.64    |
| TOTAL Rs...  |         |            | 11121.75 | 27189.73 |

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

(As taken, valued and certified by the Management)

|                      |           |           |
|----------------------|-----------|-----------|
| Finished Goods-Mfd.  | 4252.60   | 7044.80   |
| Finished Goods-Trdg. | 177926.43 | 188981.78 |
| Raw Material         | 2188.23   | 1264.16   |
| Tools & Stores       | 107.82    | 46.84     |
| Stationery           | 570.00    | 662.50    |
| TOTAL Rs...          | 185045.08 | 198000.07 |

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.**

|  | AS AT 31ST<br>MARCH, 2010<br>AMOUNT<br>(Rs in '000s) | AS AT 31ST<br>MARCH, 2009<br>AMOUNT<br>(Rs in '000s) |
|--|--|--|
| <b>SCHEDULE 8</b>  |  |  |
| <b>SUNDRY DEBTORS :</b>  |  |  |
| (Unsecured considered good)  |  |  |
| Outstanding for a period exceeding 6 months                          | 31789.14   | 27943.23   |
| Other Debts  | 45921.73   | 14119.16   |
|  | <u>77710.87</u>                                      | <u>42062.39</u>                                      |
| Rs...  |  |  |
| <b>SCHEDULE 9</b>  |  |  |
| <b>BANK &amp; CASH BALANCES :</b>                                    |  |  |
| Balances with scheduled Banks :                                      |  |  |
| in Current Accounts  | 6169.73  | 13423.90   |
| in Fixed deposits  | 260.47   | 2785.02  |
| Cash & cheques in Hand   | 2450.04  | 2659.91  |
|  | <u>8880.23</u>                                       | <u>18868.83</u>                                      |
| TOTAL Rs...  |  |  |
| <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  | 67923.74   | 72931.79   |
| b) Deposits  | 24845.01   | 17721.01   |
|  | <u>92768.75</u>                                      | <u>90652.81</u>                                      |
| TOTAL Rs...  |  |  |
| <b>SCHEDULE 11</b>   |  |  |
| <b>CURRENT LIABILITIES :</b>   |  |  |
| Sundry creditors   | 105932.02  | 78296.88   |
| Advances against orders  | 60068.58   | 85465.58   |
| Other Liabilities  | 9099.01  | 9711.86  |
|  | <u>175099.61</u>                                     | <u>173474.31</u>                                     |
| TOTAL Rs...  |  |  |
| <b>SCHEDULE 12</b>   |  |  |
| <b>PROVISIONS :</b>  |  |  |
| Provision for Taxation   | 16229.46   | 12340.65   |
| Proposed Dividend  | 3228.00  | 3228.00  |
| Tax on Dividend  | 549.00   | 549.00   |
|  | <u>20006.46</u>                                      | <u>16117.65</u>                                      |
| TOTAL Rs...  |  |  |

**SCHEDULES ANNEXED TO, AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.**

|   | CURRENT YR.<br>AMOUNT<br>(Rs in '000s) | PREVIOUS YR.<br>AMOUNT<br>(Rs in '000s) |
|---|--|---|
| <b>SCHEDULE 13</b>                                    |  |   |
| <b>OTHER INCOME :</b>                                 |  |   |
| Discount  | 51.46                                  | 88.29                                   |
| Unpaid Liabilities w/back                             | 1151.79                                | 105.50                                  |
| Compensation Recd.on Matl.                            | 828.62                                 | 187.73                                  |
| Dividend on Mutual Funds                              | 79.33                                  | 463.84                                  |
| PAYE Incentive Allowance                              | 5.10                                   | 7.29                                    |
| Other Income  | 5.10                                   | 265.53                                  |
| Interest on Income Tax Refund                         | 0.00                                   | 221.63                                  |
| Interest on F.D. with Banks                           | 219.98                                 | 140.61                                  |
| TOTAL Rs...   | <u>2341.38</u>                         | <u>1480.42</u>                          |
| <b>SCHEDULE 14</b>                                    |  |   |
| <b>MANUFACTURING EXPENSES :</b>                       |  |   |
| Raw Materials Consumed                                | 6039.25                                | 4699.17                                 |
| Tools & spares consumed                               | 150.30                                 | 114.80                                  |
| Abrasives & Chemicals                                 | 247.67                                 | 480.40                                  |
| Repairs & Maintenance                                 | 395.56                                 | 570.28                                  |
| Others  | 3418.84                                | 3576.77                                 |
| TOTAL Rs...   | <u>10251.62</u>                        | <u>9441.42</u>                          |
| <b>SCHEDULE 15</b>                                    |  |   |
| <b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES :</b> |  |   |
| Salaries & Staff Welfare                              | 8754.12                                | 8833.19                                 |
| Rent, Rates & Taxes                                   | 8103.98                                | 10899.63                                |
| Freight & Forwarding (Exports)                        | 420.34                                 | 1924.20                                 |
| Advertisement   | 282.61                                 | 1359.94                                 |
| Other Selling Expenses                                | 18435.28                               | 16264.75                                |
| Directors' Remuneration & Perquisites                 | 6173.97                                | 6132.64                                 |
| Other Administrative Exps.                            | 16975.37                               | 28932.44                                |
| TOTAL Rs...   | <u>59145.67</u>                        | <u>74346.79</u>                         |
| <b>SCHEDULE 16</b>                                    |  |   |
| <b>INTEREST AND OTHER FINANCIAL CHARGES</b>           |  |   |
| Interest on Loans & Cash Credit                       | 10674.88                               | 8093.80                                 |
| TOTAL Rs...   | <u>10674.88</u>                        | <u>8093.80</u>                          |

**Notes forming part of the consolidated accounts for the year ended March 31, 2010****SCHEDULE 17****NOTES TO ACCOUNTS****A) SIGNIFICANT ACCOUNTING POLICIES****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 31,2010   |
|--------|----------------------------|--------------------------|--|
| 1      | Granitexx UK Limited       | United Kingdom           | 100%   |
| 2      | Stone Source GB Limited    | United Kingdom           | 51% Equity held by Granitexx UK Limited (100% subsidiary)<br>( 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 Companies 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 for 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.

**I) 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 company had allotted 3,00,000 Equity Share Warrants on Preferential basis to entities other than Promoters in January/February, 2008. Each warrant carried 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 and the Application Money received thereon has been forfeited and transferred to Capital Reserve Account.

| 3. <b>Auditors' Remuneration :</b>           | (Rupees in '000s) | (Rupees in '000s) |
|--|-------------------|-------------------|
|  | <u>2009-2010</u>  | 2008-2009         |
| a) Audit Fees (inclusive of Service tax)     | 77.21             | 66.18             |
| b) Tax Audit Fees (inclusive of Service Tax) | 33.09             | 33.09             |

**4. 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) |               |
|---|-------------------|---------------|
|   | March 31,2010     | March 31,2009 |
| Not later than One year                           | 744               | 999           |
| Later than one year and not later than five years | NIL               | NIL           |
| Later than five years                             | NIL               | NIL           |

| 5. <b>EARNINGS PER SHARE (E.P.S.):</b>   | <u>2009-10</u> | <u>2008-09</u> |
|--|----------------|----------------|
| (a) Profit after Tax as per Profit and Loss Account (A)<br>(Rupees in thousands) | 7236.56        | 5060.65        |
| (b) (i) Weighted Average Number of Shares Outstanding (B)                        | 5,380,000      | 5,380,000      |
| (ii) Total Number of Shares Outstanding (C)                                      | 5,380,000      | 5,380,000      |
| (iii) Total Number of Warrants Outstanding (D)                                   | 0              | 300,000        |
| (iv) Weighted Average Number of Warrants Outstanding (E)                         | 0              | 300,000        |
| (v) Total Number of Shares for Diluted E.P.S. (F)                                | 5,380,000      | 5,680,000      |
| (c) (i) Diluted Earnings per Share (Rs.) (A/F)                                   | 1.35           | 0.94           |
| (ii) Basic Earnings per Share (Rs.) (A/B)  | 1.35           | 0.94           |

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

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

As per our Report of Even Date attached

**For K. PODDAR & ASSOCIATES**

Chartered Accountants  
(ICAI Regn.No.107946W)

**KISHORE PODDAR**  
PROPRIETOR  
(Mem.No.039599)

MUMBAI:

DATED : 27th August, 2010

For and on behalf of the Board

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

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



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

|  | Year Ended 31-3-2010 |                  | Year Ended 31-3-2009 |                  |
|--|----------------------|------------------|----------------------|------------------|
|  | (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          |                      | 10913.88         |                      | 7914.79          |
| Adjustments for :                                      |                      |                  |                      |                  |
| Depreciation   | 7302.79              |                  | 5695.32              |                  |
| Preliminary Expenses W/off                             | 9.44                 |                  | 9.44                 |                  |
| Interest/Dividend Income                               | -309.51              |                  | -826.08              |                  |
| Interest on Borrowings                                 | 10674.88             |                  | 8093.80              |                  |
| Profit on Sale of Asset                                | -66.08               |                  | -39.47               |                  |
| Loss on Investments                                    | 0.00                 |                  | 11.03                |                  |
|  |                      | <u>17611.52</u>  |                      | <u>12944.04</u>  |
| Operating Profit before Working Capital Changes        |                      | 28525.40         |                      | 20858.83         |
| Adjustments for :                                      |                      |                  |                      |                  |
| Trade and other Receivables                            |                      | -33896.48        |                      | 10944.39         |
| Inventories  |                      | 12954.99         |                      | -83344.76        |
| Trade Payables and other Liabilities                   |                      | 1625.29          |                      | 59158.73         |
|  |                      | <u>-19316.20</u> |                      | <u>-13241.64</u> |
| Cash Generated from Operations                         |                      | 9209.20          |                      | 7617.19          |
| Interest Paid  | -10674.88            |                  | -8093.80             |                  |
| Direct Taxes Paid (Net)                                | -4944.96             |                  | -4386.23             |                  |
|  |                      | <u>-15619.84</u> |                      | <u>-12480.03</u> |
| NET CASH USED IN OPERATING ACTIVITIES ... A            |                      | <u>-6410.64</u>  |                      | <u>-4862.85</u>  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>        |                      |                  |                      |                  |
| Purchase of Fixed Assets                               |                      | -9528.43         |                      | -20386.42        |
| Sale of Fixed Assets                                   |                      | 160.00           |                      | 125.00           |
| Interest/Dividend Received                             |                      | 309.51           |                      | 826.08           |
| Purchase of Shares/Mutual Funds                        |                      | -                |                      | -18568.00        |
| Sale of Investments                                    |                      | 16067.98         |                      | 20226.59         |
|  |                      | <u>7009.06</u>   |                      | <u>-17776.76</u> |
| NET CASH USED IN INVESTING ACTIVITIES... B             |                      | <u>7009.06</u>   |                      | <u>-17776.76</u> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>        |                      |                  |                      |                  |
| Proceeds from issue of Share Capital (incl.Sh.Premium) |                      | 0.00             |                      | 0.00             |
| Borrowings (Net)                                       |                      | -3485.67         |                      | 34876.70         |
| Minority Interest                                      |                      | -23.66           |                      | -353.12          |
| Foreign Currency Translation Reserve                   |                      | 248.30           |                      | 16.48            |
| Addition to Term Loans                                 |                      | -4097.99         |                      | 1478.63          |
| Dividends Paid   |                      | -3228.00         |                      | -3228.00         |
|  |                      | <u>-10587.02</u> |                      | <u>32790.69</u>  |
| NET CASH FROM FINANCING ACTIVITIES... C                |                      | <u>-10587.02</u> |                      | <u>32790.69</u>  |

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

|  | Year Ended 31-3-2010 |               | Year Ended 31-3-2009 |               |
|--|----------------------|---------------|----------------------|---------------|
|  | (Rs.in '000s)        | (Rs.in '000s) | (Rs.in '000s)        | (Rs.in '000s) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) |                      | -9988.60      |                      | 10151.08      |
| CASH AND CASH EQUIVALENTS AS AT 01/04/2009                   |                      | 18868.83      |                      | 8717.95       |
| CASH AND CASH EQUIVALENTS AS AT 31/03/2010                   |                      | 8880.23       |                      | 18869.03      |

Note : Figures in negative represent outflows

As per our Report of Even Date attached  
**For K. PODDAR & ASSOCIATES**  
 Chartered Accountants  
 (ICAI Regn.No.107946W)

For and on behalf of the Board

**KISHORE PODDAR**  
 PROPRIETOR  
 (Mem.No.039599)

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

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

MUMBAI:  
 DATED : 27th August, 2010

**AUDITORS' CERTIFICATE**

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

We have examined the attached Consolidated Cash Flow Statement of Solid Stone Company Ltd. for the year ended 31st March, 2010. 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 Consolidated Profit and Loss Account and Balance Sheet of the Company covered by our Report of 27th August, 2010 to the members of the Company.

**For K. PODDAR & ASSOCIATES**  
 Chartered Accountants  
 (ICAI Regn.No.107946W)

DATED : 27th August, 2010

**KISHORE K. PODDAR**  
 Proprietor  
 (Mem.No.039599)

**GRANITEXX UK LIMITED**  
**THE DIRECTORS' REPORT**  
**YEAR ENDED 31 MARCH 2010**

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year ended 31 March 2010.

**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

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

Mr S H Padharia was appointed as a director on 1 April 2010.

Mrs B S Padharia was appointed as a director on 1 April 2010.

Mrs J Khakhar resigned as a director on 1 April 2010.

Mrs V Khakhar resigned as a director on 1 April 2010.

Mrs S P Khakhar resigned as a director on 1 April 2010.

**SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Registered office:

99 Kenton Road

Kenton

Harrow

Middlesex

HA3 0AN

Signed on behalf of the directors

**MR P KHAKHAR**

*Director*

Approved by the directors on 26 August 2010

**GRANITEXX UK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2010**

|   | Note | 2010<br>£   | 2009<br>£   |
|---|------|-------------|-------------|
| <b>TURNOVER</b>   |      | 59,887      | 11,279      |
| Cost of sales   |      | 25,060      | 10,679      |
|   |      | <hr/>       | <hr/>       |
| <b>GROSS PROFIT</b>   |      | 34,827      | 600         |
| Administrative expenses                                     |      | 37,068      | 24,392      |
| Other operating income                                      |      | (30,958)    | (38,982)    |
|   |      | <hr/>       | <hr/>       |
| <b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |      | 28,717      | 15,190      |
| Tax on profit on ordinary activities                        | 3    | 6,092       | 2,697       |
|   |      | <hr/>       | <hr/>       |
| <b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>                 |      | 22,625      | 12,493      |
| Balance brought forward                                     |      | 9,898       | (2,595)     |
|   |      | <hr/>       | <hr/>       |
| Balance carried forward                                     |      | 32,523      | 9,898       |
|   |      | <hr/> <hr/> | <hr/> <hr/> |

**GRANITEXX UK LIMITED**  
**BALANCE SHEET**  
**31 MARCH 2010**

|   | Note | £       | 2010<br>£ | 2009<br>£ |
|---|------|---------|-----------|-----------|
| <b>FIXED ASSETS</b>                                   |      |         | -         | -         |
| Investments   | 4    |         | 5,100     | 5,100     |
| <b>CURRENT ASSETS</b>                                 |      |         |           |           |
| Stocks  |      | 48,814  | 73,874    |           |
| Debtors   | 5    | 38,517  | 1,545     |           |
| Cash at bank and in hand                              |      | 54,588  | 84,540    |           |
|   |      | 141,919 | 159,959   |           |
| <b>CREDITORS: Amounts falling due within one year</b> | 6    | 94,495  | 135,160   |           |
| <b>NET CURRENT ASSETS</b>                             |      |         | 47,424    | 24,799    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      |         | 52,524    | 29,899    |
| <b>CAPITAL AND RESERVES</b>                           |      |         |           |           |
| Called-up equity share capital                        | 8    |         | 20,001    | 20,001    |
| Profit and loss account                               |      |         | 32,523    | 9,898     |
| <b>SHAREHOLDERS' FUNDS</b>                            |      |         | 52,524    | 29,899    |

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 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 393, 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 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors and authorised for issue on 26 August 2010, and are signed on their behalf by:

**MR P KHAKHAR**  
*Director*

Company Registration No. 6356992

## GRANITEXX UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

## 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 April 2008).

In adopting the Financial Reporting Standard for Smaller Entities (effective April 2008), it was not necessary to change any accounting policies and no prior period adjustment was required. Hence there has been no effect on the results for the current period in adopting the new Financial Reporting Standard for Smaller Entities.

**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 398 of the Companies Act 2006 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

Operating profit is stated after charging/(crediting):

|   | 2010              | 2009              |
|---|-------------------|-------------------|
|   | £                 | £                 |
| Directors' Remuneration                           | 19,200            | 14,400            |
| Net loss/(profit) on foreign currency translation | 2,784             | (3,644)           |
|   | <u>          </u> | <u>          </u> |

## 3. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

|  | 2010              | 2009              |
|--|-------------------|-------------------|
|  | £                 | £                 |
| Current tax:   |                   |                   |
| UK Corporation tax based on the results for the year | 6,092             | 2,697             |
|  | <u>          </u> | <u>          </u> |
| Total current tax                                    | <u>6,092</u>      | <u>2,697</u>      |

## GRANITEXX UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2010

## 4. INVESTMENTS

|                                    | Shares in<br>subsidiary<br>£ |
|------------------------------------|------------------------------|
| <b>COST</b>                        |                              |
| At 1 April 2009 and 31 March 2010  | 5,100                        |
| <b>NET BOOK VALUE</b>              |                              |
| At 31 March 2010 and 31 March 2009 | 5,100                        |

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.

|                                  | 2010     | 2009     |
|----------------------------------|----------|----------|
| Aggregate capital and reserves   |          |          |
| Stone Source GB Limited          | (29,248) | (24,219) |
| Profit and (loss) for the period |          |          |
| Stone Source GB Limited          | (5,029)  | (25,609) |

Under the provision of section 398 of the Companies Act 2006 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

|                 | 2010<br>£     | 2009<br>£    |
|-----------------|---------------|--------------|
| Trade debtors   | 38,517        | 1,326        |
| VAT recoverable | -             | 219          |
|                 | <u>38,517</u> | <u>1,545</u> |

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

|                                     | £      | 2010<br>£     | £      | 2009<br>£      |
|-------------------------------------|--------|---------------|--------|----------------|
| Trade creditors                     |        | 63,346        |        | 74,088         |
| Amounts owed to group undertakings  |        | -             |        | 5,000          |
| Other creditors including taxation: |        |               |        |                |
| Corporation tax                     | 6,092  |               | 2,697  |                |
| VAT                                 | 1,042  |               | -      |                |
| Other creditors                     | 22,015 |               | 51,375 |                |
| Accruals and deferred income        | 2,000  |               | 2,000  |                |
|                                     |        | <u>31,149</u> |        | <u>56,072</u>  |
|                                     |        | <u>94,495</u> |        | <u>135,160</u> |

## GRANITEXX UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

## 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.

During the year the company sold goods amounting to £36,289, inclusive of VAT to its subsidiary Stone Source (GB) Limited. At the year end the amount outstanding is £24,995.

Included in the administrative costs are warehouse rent and overhead charges of £9,863 from its subsidiary Stone Source (GB) Limited. The amount outstanding at the year end is £3,534.

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:

|                                    | 2010              | 2009              |
|------------------------------------|-------------------|-------------------|
|                                    | £                 | £                 |
| 100,000 Ordinary shares of £1 each | 100,000           | 100,000           |
|                                    | <u>          </u> | <u>          </u> |

Allotted, called up and fully paid:

|                                   | 2010              |                   | 2009              |                   |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                   | No                | £                 | No                | £                 |
| 20,001 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.

## CHARTERED CERTIFIED ACCOUNTANTS' REPORT TO THE BOARD OF

## DIRECTORS OF GRANITEXX UK LIMITED

YEAR ENDED 31 MARCH 2010

You consider that the Company is exempt from an audit for the year ended 31 March 2010. You have acknowledged, on the Balance sheet, your responsibilities for ensuring that the Company keeps accounting records, which comply with section 386 of the Companies Act 2006, and for preparing financial statements which give a true and fair view of the state of affairs of the Company and of its profit for the financial year.

In accordance with your instructions, we have prepared the financial statements on pages 2 to 7 from the accounting records of the Company and on the basis of information and explanations you have given to us.

We have not carried out an audit or any other review, and consequently we do not express any opinion on these financial statements.

99 Kenton Road  
Kenton Harrow  
Middlesex  
HA3 0AN  
26th, August 2010  
MALDE & CO

Chartered Certified Accountants



**STONE SOURCE (GB) LIMITED****THE DIRECTORS' REPORT****FOR THE YEAR ENDED 31 MARCH 2010**

The director presents his report and the financial statements for the year ended 31 March 2010.

**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 directors are 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 2006. They are 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

P. B. Khakhar resigned as a director on 1 April 2010

M. B. Khakhar resigned as a director on 1 April 2010

S. P. Khakhar was appointed as a director on 1 April 2010

J. M. Khakhar was appointed as a director on 1 April 2010

This report has been prepared in accordance with the special exemptions of Part 15 of the Companies Act 2006 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 2010**

We report on the accounts for the year ended 31 March 2010 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.

AccTax Solutions Ltd  
Chartered Certified Accountants  
Oak House  
235 London Road  
Reading  
Berkshire. RG1 3NY

Date : 26th August, 2010

**STONE SOURCE (GB) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2010**

|   | Notes | 2010<br>£   | 2009<br>£   |
|---|-------|-------------|-------------|
| <b>Turnover</b>                             | 1     | 71,865      | 24,422      |
| Cost of Sales                               |       | (51,328)    | (22,444)    |
|   |       | <hr/>       | <hr/>       |
| <b>Gross (Loss)/Profit</b>                  |       | 20,537      | 1,978       |
| Rechargeable Expenses                       |       | 8,992       | 12,782      |
| PAYE Incentive Allowance                    |       | 75          | 100         |
| Administrative expenses                     |       | (34,606)    | (40,437)    |
|   |       | <hr/>       | <hr/>       |
| <b>Operating loss</b>                       | 2     | (5,002)     | (25,577)    |
| Interest receivable                         |       | -           | -           |
| Interest payable and similar charges        |       | (27)        | (30)        |
|   |       | <hr/>       | <hr/>       |
| Loss on ordinary activities before taxation |       | (5,029)     | (25,607)    |
| Taxation                                    | 3     | -           | -           |
|   |       | <hr/>       | <hr/>       |
| Loss on ordinary activities after taxation  |       | (5,029)     | (25,607)    |
|   |       | <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 2010

|   | Notes | 2010            | 2009            |
|---|-------|-----------------|-----------------|
|   |       | £               | £               |
| <b>Fixed assets</b>                                   |       |                 |                 |
| Tangible Assets                                       | 4     | 14,684          | 18,197          |
| Company Formation                                     |       | 285             | 285             |
|   |       | <u>14,969</u>   | <u>18,482</u>   |
| <b>Current assets</b>                                 |       |                 |                 |
| Closing Stock   |       | 22,817          | -               |
| Debtors   | 5     | 19,961          | 7,607           |
| Cash in hand/bank                                     |       | 10,935          | 2,047           |
|   |       | <u>53,713</u>   | <u>9,654</u>    |
| <b>Creditors: amounts falling due within one year</b> | 6     | (97,930)        | (52,355)        |
| <b>Net current assets/liabilities</b>                 |       | <u>(44,217)</u> | <u>(42,701)</u> |
| <b>Total assets less current liabilities</b>          |       | <u>(29,248)</u> | <u>(24,219)</u> |
| <b>Creditors:</b>                                     |       |                 |                 |
| Amounts falling due after more than one year          |       | -               | -               |
| <b>Net assets</b>                                     |       | <u>(29,248)</u> | <u>(8,512)</u>  |
| <b>Capital and reserves</b>                           |       |                 |                 |
| Called up share capital                               | 7     | 10,000          | 10,000          |
| Profit and loss account                               | 8     | (39,248)        | (34,219)        |
| Shareholders' funds                                   | 9     | <u>(29,248)</u> | <u>(24,219)</u> |

**STONE SOURCE (GB) LIMITED**

**BALANCE SHEET**

**AS AT 31 MARCH 2010**

- 1 During the accounting year of 31 March 2010, the company was entitled to the audit exemption under Section 477 of the Companies Act 2006 (according to turnover and balance sheet total of the company)
- 2 No member or members have requested an audit under Section 476 of the Companies Act 2006;
- 3 That the director acknowledge his responsibility for
  - a) ensuring the company keeps accounting records which comply with section 386, and;
  - b) preparing accounts that give a true and fair view of the state of affair of the company as at 31 March 2010, and of its loss for the period then ended, in accordance with the requirement of section 394 and 395, and which otherwise comply with this Act relating to accounts.
- 4 These accounts have been prepared in accordance with the special provision of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

**M. S. Munde**

*Director*

Date :26th August, 2010

**STONE SOURCE (GB) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**(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.

|                              | 2010  | 2009  |
|------------------------------|-------|-------|
|                              | £     | £     |
| <b>(2) Operating loss</b>    |       |       |
| After charging or including: |       |       |
| Depreciation for year        | 3,513 | 4,685 |
| Directors' emoluments        | -     | 3,000 |
| <b>(3) Taxation</b>          |       |       |
| Corporation tax              | -     | -     |
|                              | ----- | ----- |
|                              | ----- | ----- |

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 &<br>Improv'm'ts | Office<br>Equipmn't | Plant &<br>Equipm't | Total  |
|----------------------------|--------------------------|---------------------|---------------------|--------|
|                            | £                        | £                   | £                   | £      |
| <b>Cost</b>                |                          |                     |                     |        |
| At 1 April 2009            | 4,145                    | 310                 | 18,548              | 23,003 |
| Additions                  | -                        | -                   | -                   | -      |
| Disposals                  | -                        | -                   | -                   | -      |
| At 31 March 2010           | 4,145                    | 310                 | 18,548              | 23,003 |
| <b>Depreciation</b>        |                          |                     |                     |        |
| At 1 April 2009            | -                        | 78                  | 4,728               | 4,806  |
| Charge for the year        | -                        | 58                  | 3,455               | 3,513  |
| Disposals                  | -                        | -                   | -                   | -      |
| At 31 March 2010           | -                        | 136                 | 8,183               | 8,319  |
| <b>Net book value</b>      |                          |                     |                     |        |
| <b>As At 31 March 2010</b> | 4,145                    | 174                 | 10,365              | 14,684 |
| As At 31 March 2009        | 4,145                    | 232                 | 13,820              | 18,197 |

|  | 2010            | 2008            |
|--|-----------------|-----------------|
|  | £               | £               |
| <b>(5) Debtors</b>   |                 |                 |
| Trade debtors  | 12,733          | 885             |
| Other debtors  | 3,534           | 6,282           |
| Prepayments  | 3,694           | 440             |
|  | <u>19,961</u>   | <u>7,607</u>    |
| <b>(6) Creditors: amounts due within one year</b>                                  |                 |                 |
| Trade creditors  | 64,676          | 19,870          |
| Other creditors  | 5,073           | 5,948           |
| Director's Loan Account  | 26,489          | 24,737          |
| Taxation and social security   | -               | 400             |
| Accruals   | 1,692           | 1,400           |
|  | <u>97,930</u>   | <u>52,355</u>   |
| <b>(7) Called up share capital</b>   |                 |                 |
| Authorised<br>10,000 Ordinary shares of £1 each                                    | <u>10,000</u>   | <u>10,000</u>   |
| Allotted and issued shares capital<br>Fully paid 10,000 Ordinary shares of £1 each | <u>10,000</u>   | <u>10,000</u>   |
| <b>(8) Profit and loss reserve</b>   |                 |                 |
| Loss for the financial year  | (5,029)         | (25,607)        |
| Dividends  | -               | -               |
|  | <u>(5,029)</u>  | <u>(25,607)</u> |
| Retained loss at 1 April 2009  | (34,219)        | (8,612)         |
| Retained loss at 31 March 2010   | <u>(39,248)</u> | <u>(34,219)</u> |
| <b>(9) Reconciliation of movements on shareholder's funds</b>                      |                 |                 |
| Loss for the financial year after taxation   | (5,029)         | (25,607)        |
| Dividends  | -               | -               |
|  | <u>(5,029)</u>  | <u>(25,607)</u> |
| New share capital subscribed   | -               | 9,900           |
|  | <u>(5,029)</u>  | <u>(15,707)</u> |
| Opening shareholders' funds  | (24,219)        | (8,512)         |
| Closing shareholders' funds  | <u>(29,248)</u> | <u>(24,219)</u> |
| <b>(10) Related party transactions</b>   |                 |                 |

- During the year, the company purchased stock of £23,374 (2009: £3,538) from Solid Stone Company Ltd, a company incorporated in India. The directors, M B Khakhar and P B Khakhar are also the directors and shareholders in Solid Stone Company Ltd. During the year, the company paid £3,537 to Solid Stone Company Ltd. As at 31 March 2010, £34,081 (2009: £14,244) was outstanding and is included within the trade creditors. The transaction was carried out at market value.
- During the year, the company paid utilities expenses of £9,088 (2009: £12,782) on behalf of Granitexx UK Ltd. for shared premises. At the year end, £3534 (2009: £6,282) was outstanding and is included within other debtors (note 5).

3. The company purchased stock of £36,289 (2009: £8,100) from Granitexx UK Ltd and paid £12,800 during the year. At the year end, the balance outstanding was £24,994 (2009: £1,314) and is included within the trade creditors. The transaction was carried at market value.
4. The company purchased stock of £1,289 (2009: £4,312) from M Stones, a business owned by the director, M S Munde. As at 31 March 2010, amount outstanding was £5,601 and is included within the trade creditors. The transaction was carried at market value.

As at the year end, H. S. Munde, a director of the company, was owed £5,073 (2009: £5,073) for remuneration. The amount is included within other creditors.

**(11) Transactions with directors**

As at 31 March 2010, the company owed the following amounts to the director:

|           | 2010   | 2009   |
|-----------|--------|--------|
|           | £      | £      |
| M S Munde | 26,489 | 24,737 |
| H S Munde | 5,073  | 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 TWENTIETH ANNUAL GENERAL MEETING of the Company to be held on 22nd September, 2010 and at any adjournment thereof.

Signed this ..... day of ..... 2010

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 Twentieth Annual General Meeting of the Company at Seminar II, Centre 1, 31st Floor, World Trade Centre, Cuffe parade, on Wednesday, 22nd September, 2010.

.....  
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

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## **TWENTIETH ANNUAL REPORT 2009-2010**

### **BOARD OF DIRECTORS**

|                          |                                   |
|--------------------------|-----------------------------------|
| Mr. Milan B. Khakhar -   | Chairman and<br>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.

## **TWENTIETH ANNUAL GENERAL MEETING**

AT

Seminar II,

Centre 1, 31st Floor,

World Trade Centre,

Cuffe parade, Mumbai-400005

On Wednesday 22nd September, 2010

At 9:15 A.M.

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