

NOTICE OF MEETING

NOTICE is hereby given that the Twenty First Annual General Meeting of the Shareholders of SOLID STONE COMPANY LIMITED will be held at Sunflower-II, Centre 1, World Trade Centre, 30th Floor, Cuffe Parade, Mumbai - 400005 on Monday, 19th September, 2011 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, 2011 , 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 Mrs.Vasumati B..Khakhar who retires by rotation and being eligible offers herself for re-appointment.
4. To re-appoint M/s. Ashar & Co., Chartered Accountants as Auditors of the company 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 13th September, 2011 to 19th September, 2011 (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 Unit no.1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai-400072,
- 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 :*

Mrs. V.B.Khakhar (75) is commerce Graduate from the University of Bombay. She has more than 25 years experience in Natural Stone Industry, Trade and Commerce. She is member of Shareholders / Investors Grievance Committee. She is holding 6,82,190 Shares in the Company. The relevant details about her attendance of meetings and other Directorships are given in Report of Corporate Governance forming part of the Annual Report.

REGISTERED OFFICE

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

By Order of the Board of Directors

Milan B. Khakhar
Chairman & Managing Director

Place : Mumbai

Date : 27th August, 2011

DIRECTOR'S REPORT

The Members,

Your Directors have pleasure in presenting their Twenty-first Annual Report of the Company for the year ended on 31st March, 2011.

FINANCIAL RESULTS :

	Year Ended 31st March, 2011 Rs.in '000s	Year Ended 31st March, 2010 Rs.in '000s
Gross Income from Operations	4,42,422	3,84,099
Profit before Depreciation and Tax	19,539	16,366
Profit after Tax	8,376	6,039
Balance brought forward from previous year	29,007	26,740
Amount available for Appropriation	37,383	32,780
Proposed Dividend	3,228	3,228
Tax on Dividend	524	549
Surplus carried to Balance Sheet	33,631	29,003

DIVIDEND :

Your Directors are pleased to recommend a Dividend of ₹ 0.60 per share for the year ended 31st March, 2011 on the Equity Share Capital.

OPERATIONS :

The Company is continuing to focus on the domestic market which is growing and is harnessing its domain knowledge to explore opportunities in India alongwith its regular export activities.

During the year under review the Company made overall improvement in performance, posting higher gross as well as net income in the era of increasing costs and interest.

SUBSIDIARY COMPANIES :

Information on Financials of Subsidiary Companies viz. Granitexx UK Ltd. and Stone Source GB Ltd. for the year 2010-11 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 :

Mrs.Vasumati B.Khakhar, Director of the company shall retire by rotation at the forthcoming Annual General Meeting and being eligible offers herself 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, 2011, 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. Ashar & Co., Chartered Accountants are eligible for re-appointment and have indicated their willingness to act as such. In terms of section 224A of the Companies Act 1956, their appointment needs to be confirmed and their remuneration needs to be fixed.

DISCLOSURES :

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

i) Conservation of Energy :

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

	Current Year	Previous Year
Power Consumption (Electricity)		
Units	37,821	61,618
Total Cost	Rs. 2,51,130	Rs. 3,60,940
Rate per unit	Rs .6.64	Rs. 5.86
Consumption per unit of production (Units per sq.ft.)	0.84	2.19

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 their continued support and co-operation received from the Banks, Customers, Employees and Members of the company.

PLACE : MUMBAI
DATED : 27th August 2011

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	31/03/2011	31/03/2011
	Currency	GBP	GBP
	Exchange rate on the last day of the financial year	71.9289	71.9289
1	Share Capital	20001	10000
2	Reserves	30870	NIL
3	Total Liabilities	50871	10000
4	Total Assets	50871	10000
5	Investments (excluding Investment in Subsidiary Companies)	NIL	NIL
6	Turnover (Total Revenue)	27567	70674
7	Profit/(Loss) before taxation	(2092)	(21124)
8	Provision for taxation	(439)	NIL
9	Profit/(Loss) after taxation	(1653)	(21124)
10	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 2011, the Board met nine times on 7th April, 2010, 29th April, 2010, 7th May, 2010, 30th July, 2010, 27th August, 2010, 3rd November, 2010, 8th December, 2010, 12th February, 2011, 28th February, 2011.

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, 2011 and other details are as under:

Name of Director	Category	No of Board Meetings attended during 2010-11	Whether attended lastAGM	No.of Directorships in other Public Limited Companies	No.of Committee positions held in other Companies
Mr.Milan B. Khakhar	Executive Promoter	8	Yes	2	-
Mr. Prakash B.Khakhar	Executive Promoter	8	Yes	2	-
Mrs.Vasumati B. Khakhar	Non-Executive Promoter	7	Yes	1	-
Mr.K.Natarajan	Non-Executive Independent	8	Yes	-	-
Ms.Ashni Y. Parekh	Non-Executive Independent	8	Yes	-	-
Mr.K.Gopi Nair	Non-Executive Independent	7	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 2011 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 2010-2011
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 2010-11, Six Audit Committee Meetings were held on 29th April, 2010, 30th July, 2010, 10th August, 2010, 27th August, 2010, 3rd November, 2010, 12th February, 2011.

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

The Compliance Officer acts as the Secretary of the Committee.

Whistle Blower Policy:

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

D. Remuneration Committee:

Subject to the overall ceiling approved by the Board and the shareholders, the Remuneration Committee of the Directors recommend to the Board, the salary [including annual increments], perquisites and commission to be paid to the Company's Managing Director. Meetings of this Committee are held only when required. No Meetings of this Committee were held during the year 2010-11.

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 2011 are as follows:

Name	Salary	Allowances	Perquisites	Sitting Fees	Total
Mr.M.B.Khakhar	24,00,000	30,000	—	—	24,30,000
Mr.P.B.Khakhar	24,00,000	30,000	—	—	24,30,000
Mrs.V.B.Khakhar	—	—	—	18,000	18,000
Mr.K.Natarajan	—	—	—	21,000	21,000
Ms.A.Y.Parekh	—	—	—	21,000	21,000
Mr.K.Gopi Nair	—	—	—	18,000	18,000

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 15th April, 2010, 22nd June, 2010, 18th August, 2010, 1st November, 2010, 6th January, 2011, 25th February, 2011.

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

Name of Members	Category	Meetings Attended During the year 2010-2011
Ms.A.Y.Parekh (Chair Person)	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, 2011.

No.of Investors' complaints received during financial year 2010-11 : 1

No. of Complaints pending unresolved as on 31st March, 2011 : 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: 66115800 Fax: 22826439 Email : solidgranites@gmail.com

G 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
20th	2009-2010	Sep 22 2010	9.15 a.m.	Seminar II, Centre 1, 31st Floor, World Trade Centre, Cuffe Parade, Mumbai-400005.	-
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.	-

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:

- Transaction with the related parties are disclosed in Notes to accounts in the Annual Report.
- A statement in summary form of transactions with related parties in the ordinary course of business has been periodically placed before the Audit Committee.
- 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 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 21st AGM of the members of the company is scheduled to be held on 19th September, 2011 at Sunflower II, Centre 1, World Trade Centre, 30th Floor, Cuffe Parade, Mumbai-400005 at 9.15 a.m.

b) Financial Calendar for the year 2011-2012 (Provisional)

A	Unaudited Results for the first quarter ending on June 30, 2011	Already Published
B	Unaudited Results for the second quarter ending on September 30, 2011	By 15th of November, 2011
C	Unaudited Results for the third quarter ending on December 31, 2011	By 15th of February, 2012
D	Unaudited Results for the fourth quarter ending on March 31, 2012	By 15th of May, 2012
E	Results (Audited) for the financial Year ending March 31, 2012	By end of August, 2012
F	Annual General Meeting for the year ending March 31, 2012	By end of September, 2012

c) Details of book closures:

From 13th September, 2011 to 19th September, 2011 (both days inclusive)

d) Dividend Payment

The Directors have proposed a Dividend of ₹ 0.60 per share subject to the approval of the shareholders at the ensuing Annual General Meeting, and the same will be paid on or after 19th September, 2011, to the shareholders whose names appear on Register of Members as on 13th September, 2011.

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 2011-2012 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 2010-2011 are as under :-

Month	Quotation at Mumbai Stock Exchange	
	High	Low
April, 2010	63.70	51.50
May, 2010	60.00	47.10
June, 2010	53.50	42.85
July, 2010	51.80	44.00
August, 2010	55.00	44.10
September, 2010	55.55	46.00
October, 2010	54.70	46.05
November, 2010	54.50	41.05
December, 2010	66.00	45.00
January, 2011	73.10	48.00
February, 2011	56.50	36.10
March, 2011	49.70	37.00

(Source : www.bseindia.com)

g) Registrars and Transfer Agents:

The Company has appointed M/s.Sharex (India) Pvt.Ltd. at Unit no.1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai-400072, 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, 2011

Shares held	No.of Shareholders	% of Shareholders	No.of Shares held	% of Shares held
1-500	819	82.06	1,07,186	1.99
501 - 1000	55	5.51	45,329	0.84
1001 - 2000	33	3.31	50,159	0.93
2001 - 3000	8	0.80	19,984	0.37
3001 - 4000	8	0.80	29,099	0.54
4001 - 5000	14	1.40	66,887	1.24
5001 - 10000	16	1.60	1,23,181	2.29
10001 and above	45	4.51	49,38,175	91.79
Total	998	100.00	53,80,000	100.00

j) Shareholding Patterns as on March 31, 2011:

Categories	No of Shares	% of shareholding
Promoters	29,58,600	54.99
Individuals	18,35,126	34.11
Domestic Cos.	5,86,274	10.90
Total	53,80,000	100.00

k) Dematerialization of Shares:

The company has appointed M/s.Sharex (India) Pvt.Ltd., Unit no.1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai-400072 as Share Transfer Agents of the Company for transfer of Shares in physical and demat form 66.98 % of the Company's Share Capital is dematerialized as on 31st March, 2011.

l) The Company has not issued any GDRs/ADRs. No Bonds were Outstanding as on 31st March, 2011.

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 2010-2011

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 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 setup 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 affect 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 also adds 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 2010-2011

During the financial year 2010-2011, the company achieved a sales turnover of Rs.4424.22 lacs as against a Sales Turnover of Rs.3840.99 lacs in the previous year. Net profit after tax stood at Rs.83.76 lacs as compared to Rs.60.39 lacs in the previous year. The gross income as well as net income of the company showed remarkable improvement for the financial year ended 31st March 2011.

Capital Structure

There was no change in the capital structure of the company. The issued and paid up share capital as at 31st March, 2011, 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, 2011, 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 ASHAR & CO.
CHARTERED ACCOUNTANTS
(ICAI Regn.No.129159W)

YOGESH ASHAR
PARTNER
(Mem.No.046259)

PLACE : MUMBAI

DATE : 27th AUGUST, 2011

AUDITOR'S REPORT TO THE SHARE HOLDERS

We have audited the attached Balance Sheet of **SOLID STONE COMPANY LIMITED** as of 31st March, 2011 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 generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the above books of account.
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow statement 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, 2011 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 accepted in India:
 - (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (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 ASHAR & CO.
Chartered Accountants
(ICAI Regn.No.129159W)

Yogesh Ashar
Partner
(Mem.No.046259)

Place : Mumbai
Date : August 27, 2011

ANNEXURE TO THE AUDITORS' REPORT**(Referred to in paragraph 3 of our report of even date)**

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 full 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) The fixed assets disposed off during the year, in our opinion do not constitute a substantial part of its fixed assets of the Company so as to affect it as a going concern.
- ii. (a) As explained to us, the inventories has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. (a) According to the information and explanations given to us and as per the records examined by us, the company has not granted any loans, secured or unsecured loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the clause 4(ii) (b) to (d) of the Order are not applicable.
- (b) By virtue of amalgamation of Granitexx Stones and Mosaics Private Limited with the company with effect from 1st October, 2007, unsecured loans taken by the erstwhile company were taken over by the company, of which unsecured loans from 6 parties are covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.9.59 lakhs and the year end balance is Rs.NIL. 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.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to interest of the company.
- (d) The principal payment of said loans were regular. There is no interest payment for the same.
- 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 lakhs 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 within the meaning of section 58A and 58AA of the Companies Act, 1956 and Rules framed there under.
- vii. In our opinion and according to the information and explanation given to us, the internal control procedures are adequate considering the size and nature of its business. However, the Company does not have a formal internal audit system.

- 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. (a) *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 2011, there are no undisputed dues outstanding for more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Sales tax, Income Tax, Custom duty, Service Tax, Excise duty and Cess that have not been deposited on account of any dispute.
- 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 provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the company.
- xiv. According to the information and explanations given to us, the company is not dealing in 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. On the basis of records examined by us, we have to state that, the company has prima facie, applied the Hire Purchase loans for the purpose for which they were obtained. The company does not have any other Term Loans.
- 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.
- 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 Ashar & Co
Chartered Accountants
(ICAI Regn.No.129159W)

Yogesh Ashar
Partner
(Mem.No.046259)

Place: Mumbai
Date : August 27, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCH	AS AT 31ST MARCH,2011 (Rs. In '000s)		AS AT 31ST MARCH,2010 (Rs. In '000s)	
		AMOUNT	AMOUNT	AMOUNT	AMOUNT
SOURCES OF FUNDS :					
1. SHAREHOLDERS' FUNDS :					
a) Share Capital	1	53800.00		53800.00	
b) Reserves & Surplus	2	90936.48		86312.18	
			144736.48		140112.18
2. LOAN FUNDS :					
a) Secured Loans	3	84216.31		74607.73	
b) Unsecured Loans	4	1500.00		990.73	
-			85716.31		75598.46
TOTAL			230452.79		215710.64
APPLICATION OF FUNDS :					
1. FIXED ASSETS :					
Gross Block	5	59876.90		58722.68	
Less: Depreciation		30494.19		23999.82	
Net Block			29382.71		34722.86
2. INVESTMENTS :					
	6		12731.26		12731.26
3. DEFERRED TAX ASSET					
			1901.90		911.85
4. CURRENT ASSETS, LOANS & ADVANCES					
a) Inventories	7	149283.32		180171.82	
b) Sundry Debtors	8	77806.03		83495.81	
c) Bank & Cash Balances	9	4249.37		4422.51	
d) Loans & Advances	10	128060.27		92517.43	
			359398.99		360607.57
Less:Current Liabilities & Provisions					
a) Current Liabilities	11	148652.05		173736.98	
b) Provisions	12	24366.66		19592.00	
Net Current Assets			186380.28		167278.59
5. MISCELLENEOUS EXPENDITURE					
Preliminary Expenses (To the extent not w/off)			56.64		66.08
TOTAL			230452.79		215710.64
ACCOUNTING POLICIES & NOTES TO ACCOUNTS					
	17				

As per our Report of Even Date attached

For and on behalf of the Board

For **ASHAR & CO**Chartered Accountants
(ICAI Regn.No.129159W)**YOGESH ASHAR**
PARTNER
(Mem.No.046259)**M.B.KHAKHAR**
Chairman & Managing Director**P.B.KHAKHAR**
Joint Managing DirectorMUMBAI:
DATED : 27th August, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULES	CURRENT YEAR (Rs. In '000s)		PREVIOUS YEAR (Rs. In '000s)	
		AMOUNT	AMOUNT	AMOUNT	AMOUNT
INCOME :					
Sales and Operating Income		442422.26		384098.59	
Increase/(Decrease) in Stock of Fin. Goods		991.57		-2792.20	
Other Income	13	2123.09		2331.18	
Profit on sale of Asset				66.08	
			445536.92		383703.65
EXPENDITURE :					
Manufacturing Expenses	14	9953.98		10251.62	
Cost of Goods Traded		329216.90		291283.17	
Administrative, Selling & Other Expenses	15	75920.81		55120.23	
Interest & Other Financial Charges	16	10897.01		10673.04	
Depreciation		6494.37		7063.79	
Preliminary Expenses W/off		9.44		9.44	
			432492.50		374401.29
PROFIT BEFORE TAX			13044.43		9302.36
Income Tax (Prior Year Adj.)			108.51		164.17
Provision for Taxation :					
Current Tax			5550.00		3700.00
Deferred Tax			-990.05		-606.00
PROFIT AFTER TAX			8375.97		6044.19
Add: Balance brought forward from previous year			29007.28		26740.09
BALANCE AVAILABLE FOR APPROPRIATION			37383.24		32784.28
APPROPRIATION :					
Proposed Dividend			3228.00		3228.00
Tax on Dividend			523.66		549.00
BALANCE CARRIED TO BALANCE SHEET			33631.58		29007.28

ACCOUNTING POLICIES
& NOTES TO ACCOUNTS

17

As per our Report of Even Date attached
For ASHAR & CO

Chartered Accountants
(ICAI Regn.No.129159W)

YOGESH ASHAR
PARTNER
(Mem.No.046259)

MUMBAI:
DATED : 27th August, 2011

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, 2011.

	AS AT 31ST MARCH, 2011 AMOUNT (Rs in '000s)	AS AT 31ST MARCH, 2010 AMOUNT (Rs in '000s)
SCHEDULE 1		
SHARE CAPITAL		
Authorised:		
75,00,000 Equity Shares of Rs.10 each. (Pr.Yr. 75,00,000 Eq.Shares of Rs.10 each)	75000.00	75000.00
Issued, Subscribed & Paid-up:		
53,80,000 Equity Shares of Rs.10/- each fully paid-up. (Prev.Year 53,80,000 Equity Shares of Rs.10/- each fully paid-up.)	53800.00	53800.00
	-	-
TOTAL Rs...	53800.0	53800.00
SCHEDULE 2		
RESERVES AND SURPLUS :		
Capital Subsidy	954.90	954.90
Capital Reserve	3450.00	3450.00
Securities Premium Account	52400.00	52400.00
	56804.90	56804.90
General Reserve	500.00	500.00
Surplus in Profit & Loss Account	33631.58	29007.28
TOTAL Rs...	90936.48	86312.18
SCHEDULE 3		
SECURED LOANS :		
Loan from Reliance Capital (Secured against Motor Car)	1192.80	1789.20
Loan from State Bank of India (Secured against Motor Car)	466.92	1168.57
Loan from Citicorp Maruti Finance Ltd. (Secured against Motor Car)	61.94	163.50
Loan from State Bank of India (Secured against Cap.Assets at Showroom)	0.00	1148.48
State Bank of India - Cash Credit (Secured against Book Debts / Stock)	82494.65	70337.98
TOTAL Rs...	84216.31	74607.73
SCHEDULE 4		
UNSECURED LOANS :		
From Directors:	1500.00	473.98
From Others:	0.00	516.75
TOTAL Rs...	1500.00	990.73

SCHEDULE 5 : SCHEDULE OF FIXED ASSETS AS ON 31ST MARCH, 2011

(Rupees in '000s)

	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	AS AT 01/04/2010	ADDITIONS	SALES/ADJT.	AS AT 31/03/2011	UPTO 31/03/2010	ADJUSTMENT	FOR THE YEAR	UPTO 31/03/2011	AS AT 31/03/2011	AS AT 31/03/2010
Freehold Land	141.04	0.00	0.00	141.04	0.00	0.00	0.00	0.00	141.04	141.04
Factory Building	4425.11	0.00	0.00	4425.11	2261.77	0.00	216.33	2478.10	1947.01	2163.35
Plant & Machinery	11593.95	729.22	0.00	12323.17	6657.39	0.00	827.50	7484.89	4838.28	4936.57
Electrical Installations	1889.35	0.00	0.00	1889.35	865.83	0.00	142.37	1008.20	881.15	1023.52
Furniture & Fixtures	28772.95	425.00	0.00	29197.95	8073.08	0.00	3817.28	11890.36	17307.59	20699.87
Vehicles	11900.28	0.00	0.00	11900.28	6141.76	0.00	1490.88	7632.64	4267.64	5758.52
TOTAL Rs...	58722.68	1154.22	0.00	59876.90	23999.82	0.00	6494.37	30494.19	29382.71	34722.86
Previous Year Rs...	50012.16	9528.43	817.91	58722.68	17660.02	-723.98	7063.79	23999.82	34722.86	32352.14

AS AT 31ST MARCH, 2011 AMOUNT (Rs in '000s)	AS AT 31ST MARCH, 2010 AMOUNT (Rs in '000s)
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SCHEDULE 6**INVESTMENTS : (Non-Trade - At Cost)**

(Long Term - Unquoted)	Nos.	Face Value		
Fully Paid-up Equity Shares				
A) Global Instile Solid Ind.Ltd. (Pr.Year 2,70,000 Shares)	270,000	Rs. 10	9450.00	9450.00
B) Shares in Granitexx UK Ltd	20,000	GBP.1	1609.51	1609.51
C) Shares-Stone Source Trdg.LLC	150	AED.1000	1671.75	1671.75
TOTAL Rs...			12731.26	12731.26

SCHEDULE 7**INVENTORIES :**

(As taken, valued and certified by the Management)

Finished Goods-Mfd.	5244.17	4252.60
Finished Goods-Trdg.	141562.23	173053.17
Raw Material	2286.43	2188.23
Tools & Stores	190.50	107.82
Stationery	0.00	570.00
TOTAL Rs...	149283.32	180171.82

SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

	AS AT 31ST MARCH, 2011 AMOUNT (Rs in '000s)	AS AT 31ST MARCH, 2010 AMOUNT (Rs in '000s)
SCHEDULE 8		
SUNDRY DEBTORS :		
(Unsecured considered good)		
Outstanding for a period exceeding 6 months	36178.31	37222.75
Other Debts	41627.71	46273.06
	<hr/>	<hr/>
TOTAL Rs...	77806.03	83495.81
	<hr/>	<hr/>
SCHEDULE 9		
BANK & CASH BALANCES :		
Balances with scheduled Banks :		
in Current Accounts	2167.21	2575.94
in Fixed deposits	264.66	260.47
Cash & cheques in Hand	1817.50	1586.10
	<hr/>	<hr/>
TOTAL Rs...	4249.37	4422.51
	<hr/>	<hr/>
SCHEDULE 10		
LOANS AND ADVANCES :		
(Unsecured considered good)		
Loans	-	-
Advances recoverable in cash or in kind or for Value to be received.		
a) Advances	103429.76	67672.42
b) Deposits	24630.51	24845.01
	<hr/>	<hr/>
TOTAL Rs...	128060.27	92517.43
	<hr/>	<hr/>
SCHEDULE 11		
CURRENT LIABILITIES :		
Sundry creditors	94872.00	106493.94
Advances against orders	37700.41	58811.24
Other Liabilities	16079.64	8431.81
	<hr/>	<hr/>
TOTAL Rs...	148652.05	173736.98
	<hr/>	<hr/>
SCHEDULE 12		
PROVISIONS :		
Provision for Taxation	20615.00	15815.00
Proposed Dividend	3228.00	3228.00
Tax on Dividend	523.66	549.00
	<hr/>	<hr/>
TOTAL Rs...	24366.66	19592.00
	<hr/>	<hr/>

SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

	CURRENT YR. AMOUNT (Rs in '000s)	PREVIOUS YR. AMOUNT (Rs in '000s)
SCHEDULE 13		
OTHER INCOME :		
Discount	18.01	51.46
Unpaid Liabilities w/back	2088.41	1151.79
Compensation Recd.on Matl.	0.00	828.62
Dividend on Mutual Funds	0.00	79.33
Interest on F.D. with Banks	16.68	219.98
	<hr/>	<hr/>
TOTAL Rs...	2123.09	2331.18
	<hr/> <hr/>	<hr/> <hr/>
SCHEDULE 14		
MANUFACTURING EXPENSES :		
Raw Materials Consumed	4989.05	6039.25
Tools & spares consumed	304.23	150.30
Abrasives & Chemicals	653.23	247.67
Others	4007.47	3814.40
	<hr/>	<hr/>
TOTAL Rs...	9953.98	10251.62
	<hr/> <hr/>	<hr/> <hr/>
SCHEDULE 15		
ADMINISTRATIVE, SELLING & OTHER EXPENSES :		
Salaries & Staff Welfare	10617.40	8744.46
Rent, Rates & Taxes	9331.29	6632.29
Freight & Forwarding (Exports)	850.40	420.34
Other Selling Expenses	29801.81	18518.41
Directors' Remuneration & Perquisites	4860.00	4867.74
Other Administrative Exps.	20459.91	15936.98
	<hr/>	<hr/>
TOTAL Rs...	75920.81	55120.23
	<hr/> <hr/>	<hr/> <hr/>
SCHEDULE 16		
INTEREST AND OTHER FINANCIAL CHARGES		
Interest on Loans & Cash Credit	10897.01	10673.04
	<hr/>	<hr/>
TOTAL Rs...	10897.01	10673.04
	<hr/> <hr/>	<hr/> <hr/>

SCHEDULES ANNEXED TO, AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.**SCHEDULE 17****NOTES TO ACCOUNTS****A) SIGNIFICANT ACCOUNTING POLICIES**

1. GENERAL :

The Financial Statements are prepared on the historical cost convention in accordance with the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956

2. USE OF ESTIMATES :

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

3. REVENUE RECOGNITION :

All revenues are accounted on accrual basis except dividend income which is recognised when the shareholders' or unitholders' right to receive payment is established

4. FIXED ASSETS :

Fixed assets are stated at cost less accumulated depreciation and provision of impairment if any. The cost includes expenditure incurred in the acquisition and construction/installation and other related expenses in bringing the asset to working condition for its intended use.

5. EXCISE DUTY :

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

6. SALES :

Sales includes Excise Duty, Sales tax and exchange rate differences arising on Sales transactions

7. 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.

8. DEPRECIATION :

Depreciation on fixed assets has been provided on written down value at the rates and in the manner specified in the Schedule XIV to the Companies Act, 1956 on prorata basis from the date of additions and/or disposal

9. TAXATION :

Income Tax expense comprises current tax and deferred tax charge or credit. The Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods are recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

10. 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.

11. 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.

12. RETIREMENT AND EMPLOYEE BENEFITS :

Short Term employee benefits are accounted in the period during which the services have been rendered. The liability for the defined benefit plan of Gratuity is determined on the basis of the assumption that the employees are entitled to receive the benefit as at each year end. The same is charged to the Profit and Loss Account

13. FOREIGN CURRENCY TRANSACTIONS :

Foreign Currency transactions are accounted at the rates prevailing at the date of transaction. Exchange difference on settlement / conversion are adjusted to the Profit and Loss Account.

14. BORROWING COST :

Borrowing cost include interest, fees and other charges incurred in connection with the borrowing of funds and is considered as revenue expenditure for the year in which it is incurred. Borrowing cost attributed to the acquisition/improving of qualifying capital assets and incurred till the commencement of commercial use of assets is capitalised as cost of the assets.

15. PROVISIONS AND CONTINGENT LIABILITIES

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and 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

B) OTHER NOTES TO ACCOUNTS

1. 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) and Rs. 75 lakhs (Previous year Rs. 75 lakhs) from some of the Directors (Maximum Amount due Rs. 75 lakhs; Previous year 75 lakhs)

	(Rs in '000s)	(Rs in '000s)
	2010-2011	2009-2010
2. Auditors' Remuneration :		
a) Audit Fees (inclusive of Service tax)	88.24	77.21
b) Tax Audit Fees (inclusive of Service Tax)	49.64	33.09

3. Remuneration to Directors :

a) Managerial Remuneration u/s.198 of the Companies Act, 1956.		
Salaries	4800.00	4800.00
Perquisites	60.00	67.74

- 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.

4. 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.

5. Particulars of Production, Stock and Turnover :

	2010-2011		2009-2010	
	Qty. (Sq.Ft.)	Value Rs.in '000s	Qty. (Sq.Ft.)	Value Rs.in '000s
a) Licensed Capacity	N.A.	N.A.	N.A.	N.A.
b) Installed Capacity (Per annum-As certified by the management)	180,000	N.A.	180,000	N.A.
c) Production : Granite	15,458	N.A.	31,203	N.A.
: Slate	29,306	N.A.	1,290	N.A.
d) Stocks				
Opening : Granite	3,230	360.06	3,400	456.93
: Slate	Nil	Nil	Nil	Nil
: Semi Precious	NA	3892.54	NA	6587.87
Closing : Granite	3,202	355.58	3,230	360.06
: Slate	16,913	676.52	Nil	Nil
: Semi Precious	N.A.	4212.07	N.A.	3892.54
e) Turnover : Granite	15,486	3538.26	31,373	6743.74
: Slate	12,393	2374.26	1,290	1581.26
: Semi Precious	N.A.	2205.82	N.A.	4885.46

	2010-2011		2009-2010	
	Qty. (Sq.Ft.)	Value Rs.in '000s	Qty. (Sq.Ft.)	Value Rs.in '000s
f) TRADING MATERIALS				
GRANITE :				
Sales	3,997	2333.66	33,148	6085.38
Purchases	28,888	2544.92	37,745	3374.12
Opening Stock	11,815	3360.78	7,218	2676.72
Closing Stock	33,329	3251.21	11,815	3360.78
MARBLE :				
Sales	384,732	283268.40	389,188	218676.54
Purchases	352,294	171083.56	379,688	137428.08
Opening Stock	320,403	159583.78	332,048	173078.75
Closing Stock ***	315,624	128334.63	320,403	159583.78
*** Includes Stock in transit				
SLATE :				
Sales	54,517	7325.20	111,887	11467.66
Purchases	62,229	5126.79	95,315	5105.46
Opening Stock	16,205	1232.57	32,875	2107.96
Closing Stock	12,913	1163.71	16,205	1232.57
MARBLE BLOCKS :	(M.Tons)		(M.Tons)	
Sales	630	9723.09	455	5971.28
Purchases	630	8240.64	455	5648.83
Opening Stock	-	-	-	-
Closing Stock	-	-	-	-
BUILDING STEEL :	(M.Tons)		(M.Tons)	
Sales	1,620	93382	1,382	105,199
Purchases	1,620	93049	1,382	105,111
Opening Stock	-	-	-	-
Closing Stock	-	-	-	-
MISC.ITEMS :				
Sales	N.A.	197.43	N.A.	597.80
Purchases	N.A.	396.14	N.A.	30.63
Opening Stock	N.A.	3,183.93	N.A.	3,139.75
Closing Stock ***	N.A.	3,429.89	N.A.	3,183.93
*** Includes Stock in transit				

MARBLE (ARTICLES) :	(PCS)		(PCS)	
Sales	-	-	3	115.31
Purchases	-	-	4	-
Opening Stock	115	1193.86	114	1199.19
Closing Stock	115	1193.86	115	1193.86
MOSAICS :	(Sq.Ft.)		(Sq.Ft.)	
Sales	83,337	15414.71	32,217	14398.71
Purchases	85,105	5953.54	42,186	7815.31
Opening Stock	9,521	3405.12	3,492	658.43
Closing Stock	11,205	2898.67	9,521	3405.12
WOOD	(Sq.Ft.)		(Sq.Ft.)	
Sales	654	171.62	-	-
Purchases	2,193	454.87	-	-
Opening Stock	-	-	-	-
Closing Stock	1,473	365.00	-	-
SEMI PRECIOUS :	(Sq.Ft.)		(Sq.Ft.)	
Sales	N.A.	833.92	N.A.	2465.07
Purchases	N.A.	172.58	N.A.	1659.78
Opening Stock	N.A.	1093.15	N.A.	593.39
Closing Stock	N.A.	925.26	N.A.	1093.15
6. Raw Materials Consumed :				
	Qty.	Value	Qty.	Value
		Rs.in '000s		Rs.in '000s
Granite Blocks (cubic mt.)	0	0.00	23	552.03
Granite Strips (sq.ft.)	25,653	1520.75	26,173	2552.96
Marble/Slate (sq.ft.)	37877.25	890.19	11959.00	409.07
Semi Precious (Kgs)	7697.00	2578.12	7217.50	2488.89
7. Imported & Indigenous Raw Materials, Stores and Spares consumed :				
		2010-2011		2009-2010
		Value		Value
		Rs.in '000s		Rs.in '000s
a) Raw Materials				
Indigenous		4989.05		6039.25
Imported		-		-
		100.00		100.00
		0.00		0.00
		4989.05		6039.25
		100.00		100.00
b) Stores & Spares				
Indigenous		957.46		397.97
Imported		0.00		0.00
		100.00		100.00
		0.00		0.00
		957.46		397.97
		100.00		100.00
8. Value of Imports on CIF Basis :				
				(Rupees in '000s)
			2010-2011	2009-2010
a) Finished Products			41968.19	41098.56
b) Stores & Consumables			NIL	NIL
TOTAL			41968.19	41098.56
9. Income / Expenditure in Foreign Currency :				
INCOME				
Export of Goods (F.O.B. basis)			3017.22	6892.06
Commission Receipts			2994.81	NIL
EXPENDITURE				
Tools & Spares (C.I.F. basis)			NIL	NIL
Trading Goods Imports			33876.69	35449.73
Foreign Travel			5563.43	2404.79
10. Segment Reporting : The Company is primarily engaged in the business of natural stones, building material and allied building activities which is considered as a single segment				
11. 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				

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

13. DEFERRED TAXATION :

(a) Net Deferred Tax Asset on account of :

	Accumulated As on 1/4/2010 (Rs.in'000s)	Charge/ Credit during the year (Rs.in'000s)	As on 31/3/2011 (Rs.in'000s)
(i) Depreciation	911.85	693.89	1,605.74
(ii) Accrued Expenses allowable on Actual Payment	-	0.30	0.30
TOTAL	911.85	694.19	1,606.04

(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.

14. EMPLOYEE BENEFITS :

Provision for gratuity as on 31st March, 2011 is made based on the actuarial valuation report as below.

A. Defined Benefit Plans

Particulars	Gratuity (Unfunded)	
	<u>2010-11</u>	<u>2009-10</u>
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at the beginning of the year	-	-
Current Service Cost	891,568	-
Amount Recognised in the Balance Sheet		
Liabilities	891,568	-
Assets	-	-
Net Liability / (Asset) recognised in Balance Sheet	891,568	-
Net Cost recognised in the profit and loss account		
Current Service Cost	891,568	-
Total costs of defined benefit plans included in Schedule 15 "Salaries and Staff welfare"	891,568	-
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2010	-	-
Expenses as recognised in profit and loss account	891,568	-
Employers Contribution	-	-
Net liability/(Asset) recognised in Balance Sheet	891,568	-
Category of Assets	% of Plan Assets	% of Plan Assets
	0%	0%
Principal actuarial assumptions:		
Discount Rate	8.00%	0.00%
Salary Escalation	4.00%	0.00%

Amounts for the current and previous periods are as follows:	2010-11	2009-10
Defined benefit obligation	891,568	-
Plan Assets	-	-
Surplus / (Deficit)	891,568	-

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 PARTIES (Rs.in'000s)			
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	Referred in 1(d) above
PURCHASES :				
Goods and Material			15184.98	
SALES :				
Goods and Material		233.54	695.28	
EXPENSES :				
Rent	390.00			240.00
Remuneration & Allowances	4860.00			960.00
Directors' fees				18.00
INCOME :				
OUTSTANDINGS :				
Payable	461.00		19383.98	182.00
Receivable		4393.75		
DEPOSITS :				
Received	7500.00			10000.00

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 :-

Particulars	March 31,2011	(Rupees in '000s)	
		March 31,2010	
Not later than One year	820		744
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.) :

	<u>2010-11</u>	<u>2009-10</u>
(a) Profit after Tax as per Profit and Loss Account (A) (Rupees in thousands)	8375.97	6044.19
(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 Shares for Diluted E.P.S. (D)	5,380,000	5,380,000
(c) (i) Diluted Earnings per Share (Rs.) (A/D)	1.56	1.12
(ii) Basic Earnings per Share (Rs.) (A/B)	1.56	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 ASHAR & CO

Chartered Accountants
(ICAI Regn.No.129159W)

YOGESH ASHAR
PARTNER
(Mem.No.046259)

M.B.KHAKHAR
Chairman & Managing Director

P.B.KHAKHAR
Joint Managing Director

MUMBAI:
DATED : 27th August, 2011

PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I Registration Details :		
Registration No		56449
State Code		11
Balance Sheet Date		31.03.2011
II Capital raised during the year (Amount in Rupees Thousands)		
Public Issue		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
III Position of mobilisation and deployment of funds (Amount in Rupees Thousands)		
Total Liabilities		230453
Total Assets		230453
Sources of Funds :		
Paid up Capital		53800
Reserves and Surplus		90936
Secured Loans		84216
Unsecured Loans		1500
Net Deferred Tax Liability		0
Application of Funds :		
Net Fixed Assets		29383
Investments		12731
Net Current Assets		186380
Misellaneous Expenditure		57
Deferred Tax Asset		1902
Accumulated Losses		Nil
IV Performance of Company (Amount in Rupees Thousands) :		
Turnover*		445537
Total Expenditure		432492
Profit before Tax		13044
Profit after Tax		8376
Earning Per Share		1.56
Dividend Rate (%)		6.00
V Generic Names of three principal products/services of the Company :		
Item Code No.(ITC CODE)	Product Description	
1.	Granite	
2.	Marble	
3.	Slate	

* Represents Income from Operations and other income

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31-3-2011 (Rs. In '000s)		Year Ended 31-3-2010 (Rs. In '000s)	
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before tax and Extraordinary Items		13044.43		9302.36
Adjustments for :Depreciation	6494.37		7063.79	
Preliminary Expenses W/off	9.44		9.44	
Interest/Dividend Income	-16.68		-299.30	
Interest on Borrowings	10897.01		10673.04	
Profit on Sale of Asset	0.00		-66.08	
Loss on Investments	0.00		0.00	
		17384.14		17380.88
Operating Profit before Working Capital Changes		30428.56		26683.24
Adjustments for :				
Trade and other Receivables	-26922.42		-33002.68	
Inventories	30888.50		12445.72	
Trade Payables and other Liabilities	-25084.93		5020.74	
		-21118.85		-15536.23
Cash Generated from Operations		9309.71		11147.02
Interest Paid	-10897.01		-10673.04	
Direct Taxes Paid (Net)	-4338.14		-4748.46	
		-15235.15		-15421.50
NET CASH USED IN OPERATING ACTIVITIES ... A		-5925.44		-4274.48
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		-1154.22		-9528.43
Sale of Fixed Assets		-		160.00
Interest/Dividend Received		16.68		299.30
Purchase of Shares/Mutual Funds		-		-
Sale of Investments		-		16067.98
NET CASH USED IN INVESTING ACTIVITIES... B		-1137.54		6998.86
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from issue of Share Capital (incl.Sh.Premium)		0.00		0.00
Borrowings (Net)		12665.94		-3535.87
Addition to/ /Repayment of Term Loans		-2548.09		-4097.99
Dividends Paid		-3228.00		-3228.00
NET CASH FROM FINANCING ACTIVITIES... C		6889.85		-10861.87

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31-3-2011		Year Ended 31-3-2010	
	(Rs. In '000s)		(Rs. In '000s)	
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		-173.13		-8137.48
CASH AND CASH EQUIVALENTS AS AT 01/04/2010		4422.51		12559.99
CASH AND CASH EQUIVALENTS AS AT 31/03/2011		4249.37		4422.51

Note : Figures in negative represent outflows

As per our Report of Even Date attached

For and on behalf of the Board

For ASHAR & CO
Chartered Accountants
(ICAI Regn.No.129159W)

YOGESH ASHAR
PARTNER
(Mem.No.046259)

MUMBAI:
DATED : 27th August, 2011

M.B.KHAKHAR
Chairman & Managing Director

P.B.KHAKHAR
Joint Managing Director

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, 2011. 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, 2011 to the members of the Company.

For ASHAR & CO.
Chartered Accountants
(ICAI Regn.No.129159W)

YOGESH ASHAR
Partner
(Mem.No.046259)

DATED : 27th August, 2011

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

Name of the subsidiary company	Granitexx UK Ltd.	Stone Source GB Ltd.
Financial year of the subsidiary ended on	31/03/2011	31/03/2011
Number of Equity Shares in the subsidiary held by the Company directly or through its subsidiary companies on March 31, 2011	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, 2011	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, 2011	(£ 1,653)	(£ 10,733)
(b) for previous financial years of the subsidiary since it became subsidiary of Solid Stone Company Limited.	£ 30,870	(£ 30,790)
(Figures in brackets denote Losses)		

For and on behalf of the Board

MUMBAI : 27th August, 2011

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, 2011, 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, 2011, 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 Gross Revenue of Rupees 74.21 lacs and Loss of Rs. 16.38 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, 2011;
- (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 ASHAR & CO
CHARTERED ACCOUNTANTS
(ICAI Regn.No.129159W)

YOGESH ASHAR
PARTNER
(Mem.No.046259)

PLACE : MUMBAI
DATE : 27th AUGUST, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

		AS AT 31ST MARCH, 2011 (Rs.in '000s)		AS AT 31ST MARCH, 2010 (Rs.in '000s)	
	SCH	AMOUNT	AMOUNT	AMOUNT	AMOUNT
SOURCES OF FUNDS :					
1. SHAREHOLDERS' FUNDS :					
a) Share Capital	1	53800.00		53800.00	
b) Reserves & Surplus	2	89662.09		86323.67	
			143462.09		140123.67
2. LOAN FUNDS :					
a) Secured Loans	3	84216.31		74607.73	
b) Unsecured Loans	4	3549.18		2792.85	
			87765.50		77400.58
TOTAL			231227.59		217524.25
APPLICATION OF FUNDS :					
1. FIXED ASSETS :					
Gross Block	5	61537.24		60428.36	
Less: Depreciation		31276.99		24589.80	
Net Block			30260.24		35838.56
2. INVESTMENTS :					
	6		11121.75		11121.75
3. Deferred Tax Asset					
			1901.90		911.85
4. CURRENT ASSETS, LOANS & ADVANCES					
a) Inventories	7	154815.81		185045.08	
b) Sundry Debtors	8	73842.98		77710.87	
c) Bank & Cash Balances	9	6994.89		8880.23	
d) Loans & Advances	10	127949.69		92768.75	
			363603.38		364404.93
Less: Current Liabilities & Provisions					
a) Current Liabilities	11	152015.76		175099.61	
b) Provisions	12	24366.66		20006.46	
Net Current Assets			187220.96		169298.87
MISCELLANEOUS EXPENDITURE					
Preliminary Expenses (To the extent not w/off)			56.64		85.47
5. Foreign Currency Translation A/c.					
			666.10		267.75
TOTAL			231227.59		217524.25
ACCOUNTING POLICIES & NOTES TO ACCOUNTS					
	17				

As per our Report of Even Date attached

For and on behalf of the Board

For ASHAR & COChartered Accountants
(ICAI Regn.No.129159W)**YOGESH ASHAR**
PARTNER
(Mem.No.046259)**M.B.KHAKHAR**
Chairman & Managing Director**P.B.KHAKHAR**
Joint Managing Director

MUMBAI:

DATED : 27th August, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULES	CURRENT YEAR (Rs.in '000s)		PREVIOUS YEAR (Rs.in '000s)	
	AMOUNT	AMOUNT	AMOUNT	AMOUNT
INCOME :				
Sales	448851.56		391337.76	
Increase/(Decrease) in Stock of Fin. Goods	991.57		-2792.20	
Other Income	13	2123.73	2341.38	
Profit on sale of Asset		0.00	66.08	
		<u>451966.85</u>	<u>390953.02</u>	
EXPENDITURE :				
Manufacturing Expenses	14	9953.98	10251.62	
Cost of Goods Traded		332736.67	292654.75	
Administrative, Selling & Other Expenses	15	80295.16	59145.67	
Interest & Other Financial Charges	16	10897.80	10674.88	
Depreciation		6678.79	7302.79	
Preliminary Expenses W/off		29.94	9.44	
		<u>440592.34</u>	<u>380039.14</u>	
PROFIT BEFORE TAX		11374.52	10913.88	
Income Tax (Prior Year Adj.)		108.51	164.17	
Provision for Taxation :				
Current Tax		5518.42	4114.46	
Deferred Tax		-990.05	-606.00	
PROFIT AFTER TAX		6737.63	7241.25	
Share of (Profit)/Loss trf.To Minority Interest		352.45	333.36	
Add: Balance brought forward from previous year		29018.77	25221.16	
BALANCE AVAILABLE FOR APPROPRIATION		<u>36108.85</u>	<u>32795.77</u>	
APPROPRIATION :				
Proposed Dividend		3228.00	3228.00	
Tax on Dividend		523.66	549.00	
BALANCE CARRIED TO BALANCE SHEET		<u>32357.19</u>	<u>29018.77</u>	
ACCOUNTING POLICIES & NOTES TO ACCOUNTS				
	17			

As per our Report of Even Date attached

For and on behalf of the Board

For ASHAR & CO
Chartered Accountants
(ICAI Regn.No.129159W)

YOGESH ASHAR
PARTNER
(Mem.No.046259)

MUMBAI:
DATED : 27th August, 2011

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, 2011.

	AS AT 31ST MARCH, 2011 AMOUNT (Rs.in '000s)	AS AT 31ST MARCH, 2010 AMOUNT (Rs.in '000s)
SCHEDULE 1		
SHARE CAPITAL		
Authorised:		
Authorised: 75,00,000 Equity Shares of Rs.10 each. (Pr.Yr. 75,00,000 Eq.Shares of Rs.10 each)	75000.00	75000.00
Issued, Subscribed & Paid-up:		
53,80,000 Equity Shares of Rs.10/- each fully paid-up. (Prev.Year 53,80,000 Equity Shares of Rs.10/- each fully paid-up.)	53800.00	53800.00
TOTAL Rs...	53800.00	53800.00
SCHEDULE 2		
RESERVES AND SURPLUS :		
Capital Subsidy	954.90	954.90
Capital Reserve	3450.00	3450.00
Securities Premium Account	52400.00	52400.00
General Reserve	500.00	500.00
Surplus in Profit & Loss Account	32357.19	29018.77
TOTAL Rs...	89662.09	86323.67
SCHEDULE 3		
SECURED LOANS :		
Loan from Reliance Capital (Secured against Motor Car)	1192.80	1789.20
Loan from State Bank of India (Secured against Motor Car)	466.92	1168.57
Loan from Citicorp Maruti Finance Ltd. (Secured against Motor Car)	61.94	163.50
Loan from State Bank of India (Secured against Cap.Assets at Showroom)	0.00	1148.48
State Bank of India - Cash Credit (Secured against Book Debts / Stock)	82494.65	70337.98
TOTAL Rs...	84216.31	74607.73
SCHEDULE 4		
UNSECURED LOANS :		
From Directors:	3549.18	2276.10
From Others:	0.00	516.75
TOTAL Rs...	3549.18	2792.85

SCHEDULE 5 : SCHEDULE OF CONSOLIDATED FIXED ASSETS AS ON 31ST MARCH, 2011

	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K			
	AS AT 01/04/2010	ADDITIONS	SALES/ADJT.	Translation Exchange Difference	AS AT 31/03/2011	UPTO 31/03/2010	ADJUSTMENT	FOR THE YEAR	Translation Exchange Difference	UPTO 31/03/2011	AS AT 31/03/2011	AS AT 31/03/2010
Freehold Land	141.04	0.00	0.00		141.04	0.00	0.00	0.00		0.00	141.04	141.04
Factory Building	4425.11	0.00	0.00		4425.11	2263.86	0.00	216.33		2480.19	1944.92	2161.26
Plant & Machinery	13299.63	734.97	0.00	-51.10	13983.50	7109.08	0.00	1011.93	8.40	8129.41	5854.10	6190.55
Electrical Installations	1889.35	0.00	0.00		1889.35	1002.27	0.00	142.37		1144.64	744.71	887.08
Furniture & Fixtures	28772.95	425.00	0.00		29197.95	8073.08	0.00	3817.28		11890.36	17307.59	20699.87
Vehicles	11900.28	0.00	0.00		11900.28	6141.51	0.00	1490.88		7632.39	4267.89	5758.76
TOTAL Rs...	60428.36	1159.97	0.00	-51.10	61537.24	24589.80	0.00	6678.79	8.40	31276.99	30260.24	35838.56
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 MARCH, 2011 AMOUNT (Rs in '000s)	AS AT 31ST MARCH, 2010 AMOUNT (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. (Pr.Year 2,70,000 Shares)	270,000	Rs. 10	9450.00	9450.00
B) Shares-Stone Source Trdg.LLC	150	AED.1000	1671.75	1671.75
TOTAL Rs.			11121.75	11121.75

SCHEDULE 7**INVENTORIES :**

(As taken, valued and certified by the Management)

Finished Goods-Mfd.	5244.17	4252.60
Finished Goods-Trdg.	147094.71	177926.43
Raw Material	2286.43	2188.23
Tools & Stores	190.50	107.82
Stationery	0.00	570.00
TOTAL Rs...	154815.81	185045.08

SCHEDULES ANNEXED TO, AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

	AS AT 31ST MARCH, 2011 AMOUNT (Rs in '000s)	AS AT 31ST MARCH, 2010 AMOUNT (Rs in '000s)
SCHEDULE 8		
SUNDRY DEBTORS :		
(Unsecured considered good)		
Outstanding for a period exceeding 6 months	31784.56	31789.14
Other Debts	42058.42	45921.73
	<u>73842.98</u>	<u>77710.87</u>
Rs...	<u><u>73842.98</u></u>	<u><u>77710.87</u></u>
SCHEDULE 9		
BANK & CASH BALANCES :		
Balances with scheduled Banks :		
in Current Accounts	3666.89	6169.73
in Fixed deposits	264.66	260.47
Cash & cheques in Hand	3063.35	2450.04
	<u>6994.89</u>	<u>8880.23</u>
TOTAL Rs...	<u><u>6994.89</u></u>	<u><u>8880.23</u></u>
SCHEDULE 10		
LOANS AND ADVANCES :		
(Unsecured considered good)		
Loans	--	--
Advances recoverable in cash or in kind or for Value to be received.		
a) Advances	103319.18	67923.74
b) Deposits	24630.51	24845.01
	<u>127949.69</u>	<u>92768.75</u>
TOTAL Rs...	<u><u>127949.69</u></u>	<u><u>92768.75</u></u>
SCHEDULE 11		
CURRENT LIABILITIES :		
Sundry creditors	95713.10	105932.02
Advances against orders	37700.41	60068.58
Other Liabilities	18602.25	9099.01
	<u>152015.76</u>	<u>175099.61</u>
TOTAL Rs...	<u><u>152015.76</u></u>	<u><u>175099.61</u></u>
SCHEDULE 12		
PROVISIONS :		
Provision for Taxation	20615.00	16229.46
Proposed Dividend	3228.00	3228.00
Tax on Dividend	523.66	549.00
	<u>24366.66</u>	<u>20006.46</u>
TOTAL Rs...	<u><u>24366.66</u></u>	<u><u>20006.46</u></u>

SCHEDULES ANNEXED TO, AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

	CURRENT YR. AMOUNT (Rs in '000s)	PREVIOUS YR. AMOUNT (Rs in '000s)
SCHEDULE 13		
OTHER INCOME :		
Discount	18.01	51.46
Unpaid Liabilities w/back	2088.41	1151.79
Compensation Recd.on Matl.	0.00	828.62
Dividend on Mutual Funds	0.00	79.33
PAYE Incentive Allowance	0.00	5.10
Other Income	0.64	5.10
Interest on F.D. with Banks	16.68	219.98
	<u>2123.73</u>	<u>2341.38</u>
TOTAL Rs...	<u>2123.73</u>	<u>2341.38</u>
SCHEDULE 14		
MANUFACTURING EXPENSES :		
Raw Materials Consumed	4989.05	6039.25
Tools & spares consumed	304.23	150.30
Abrasives & Chemicals	653.23	247.67
Others	4007.47	3814.40
	<u>9953.98</u>	<u>10251.62</u>
TOTAL Rs...	<u>9953.98</u>	<u>10251.62</u>
SCHEDULE 15		
ADMINISTRATIVE, SELLING & OTHER EXPENSES :		
Salaries & Staff Welfare	11459.26	8754.12
Rent, Rates & Taxes	10555.09	8103.98
Freight & Forwarding (Exports)	850.40	420.34
Other Selling Expenses	30016.52	18717.89
Directors' Remuneration & Perquisites	5982.09	6173.97
Other Administrative Exps.	21431.81	16975.37
	<u>80315.66</u>	<u>59145.67</u>
TOTAL Rs...	<u>80315.66</u>	<u>59145.67</u>
SCHEDULE 16		
INTEREST AND OTHER FINANCIAL CHARGES		
Interest on Loans & Cash Credit	10897.80	10674.88
	<u>10897.80</u>	<u>10674.88</u>
TOTAL Rs...	<u>10897.80</u>	<u>10674.88</u>

Notes forming part of the consolidated accounts for the year ended March 31, 2011**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 31,2011
1	Granitexx UK Limited	United Kingdom	100%
2	Stone Source GB Limited	United Kingdom	51% Equity held by Granitexx UK Limited (100% subsidiary)

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

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

Expenditure, which is of capital nature, is capitalised. Such expenditure includes purchase price, import duties, levies and any directly 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.

l) Foreign Currency Transactions and Translations :

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

	(Rupees in '000s)	(Rupees in '000s)
	<u>2010-2011</u>	<u>2009-2010</u>
3. Auditors' Remuneration :		
a) Audit Fees (inclusive of Service tax)	88.24	77.21
b) Tax Audit Fees (inclusive of Service Tax)	49.64	33.09

4. Related Parties Disclosure :**1) Relationships :****(a) Key Management Personnel :**

Mr. Milan B. Khakhar

Mr. Prakash B. Khakhar

(b) Other Related Parties where control exists :

Global Instile Solid Industries Ltd.

Universal Tiles & Stone Co. Ltd.

(c) Relatives of Key Management Personnel and their Enterprises, where transactions have taken place :

Milan Marble & Tiles

Vasumati B. Khakhar

Jeenoo Khakhar

Shraddha Khakhar

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

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

NATURE OF TRANSACTIONS	RELATED PARTIES (Rs.in'000s)		
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above
PURCHASES : Goods and Material		15184.98	
SALES : Goods and Material		695.28	
EXPENSES : Rent	390.00		
Remuneration & Allowances	5550.52		1650.52
Directors' fees			18.00
INCOME : OUTSTANDINGS : Payable	1151.52	19383.98	182.00
Receivable			
DEPOSITS : Received	7500.00		10000.00

5. Lease :

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

Operating Lease :

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

Total of Minimum lease payment for a period :-

Particulars	(Rupees in '000s)	
	March 31,2011	March 31,2010
Not later than One year	891	744
Later than one year and not later than five years	NIL	NIL
Later than five years	NIL	NIL

6. EARNINGS PER SHARE (E.P.S.):

	2010-11	2009-10
(a) Profit after Tax as per Profit and Loss Account (A) (Rupees in thousands)	6737.63	7241.25
(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 Shares for Diluted E.P.S. (D)	5,380,000	5,380,000
(c) (i) Diluted Earnings per Share (Rs.) (A/D)	1.25	1.35
(ii) Basic Earnings per Share (Rs.) (A/B)	1.25	1.35

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

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

As per our Report of Even Date attached

For and on behalf of the Board

For ASHAR & CO

Chartered Accountants
(ICAI Regn.No.129159W)

YOGESH ASHAR
PARTNER
(Mem.No.046259)

M.B.KHAKHAR
Chairman & Managing Director

P.B.KHAKHAR
Joint Managing Director

MUMBAI:

DATED : 27th August, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31-3-2011		Year Ended 31-3-2010	
	(Rs.in '000s)	(Rs.in '000s)	(Rs.in '000s)	(Rs.in '000s)
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before tax and Extraordinary Items		11374.52		10913.88
Adjustments for :				
Depreciation	6678.79		7302.79	
Preliminary Expenses W/off	29.94		9.44	
Interest/Dividend Income	-17.31		-309.51	
Interest on Borrowings	10897.80		10674.88	
Profit on Sale of Asset	0.00		-66.08	
		<u>17589.22</u>		<u>17611.52</u>
Operating Profit before Working Capital Changes		<u>28963.73</u>		<u>28525.40</u>
Adjustments for :				
Trade and other Receivables	-28382.42		-33896.48	
Inventories	30229.28		12954.99	
Trade Payables and other Liabilities	-22669.39		1625.29	
		<u>-20822.54</u>		<u>-19316.20</u>
Cash Generated from Operations		<u>8141.19</u>		<u>9209.20</u>
Interest Paid	-10897.80		-10674.88	
Direct Taxes Paid (Net)	-4743.73		-4944.96	
		<u>-15641.53</u>		<u>-15619.84</u>
NET CASH USED IN OPERATING ACTIVITIES ... A		<u>-7500.34</u>		<u>-6410.64</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		-1159.97		-9528.43
Sale of Fixed Assets		0.00		160.00
Interest/Dividend Received		17.31		309.51
Purchase of Shares/Mutual Funds		0.00		0.00
Sale of Investments		0.00		16067.98
		<u>-1142.66</u>		<u>7009.06</u>
NET CASH USED IN INVESTING ACTIVITIES... B		<u>-1142.66</u>		<u>7009.06</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from issue of Share Capital (incl.Sh.Premium)		0.00		0.00
Borrowings (Net)		12913.00		-3485.67
Minority Interest		19.09		-23.66
Foreign Currency Translation Reserve		-398.35		248.30
Addition to / (Repayment of) Term Loans		-2548.09		-4097.99
Dividends Paid		-3228.00		-3228.00
		<u>6757.66</u>		<u>-10587.02</u>
NET CASH FROM FINANCING ACTIVITIES... C		<u>6757.66</u>		<u>-10587.02</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31-3-2011		Year Ended 31-3-2010	
	(Rs.in '000s)	(Rs.in '000s)	(Rs.in '000s)	(Rs.in '000s)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		-1885.34		-9988.60
CASH AND CASH EQUIVALENTS AS AT 01/04/2010		8880.23		18868.83
CASH AND CASH EQUIVALENTS AS AT 31/03/2011		6994.89		8880.23

Note : Figures in negative represent outflows

As per our Report of Even Date attached

For and on behalf of the Board

For ASHAR & CO

Chartered Accountants
(ICAI Regn.No.129159W)

YOGESH ASHAR
PARTNER
(Mem.No.046259)

M.B.KHAKHAR
Chairman & Managing Director

P.B.KHAKHAR
Joint Managing Director

MUMBAI:
DATED : 27th August, 2011

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, 2011. 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, 2011 to the members of the Company.

For Ashar & Co
Chartered Accountants
(ICAI Regn.No.129159W)

DATED : 27th August, 2011

Yogesh Ashar
Partner
(Mem.No.049259)

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 TWENTY FIRST ANNUAL GENERAL MEETING of the Company to be held on 19th September, 2011 and at any adjournment thereof.

Signed this day of 2011

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 Twenty First Annual General Meeting of the Company at Sunflower-II, Centre 1, World Trade Centre, 30th Floor, Cuffe Parade, on Monday, 19th September, 2011.

.....
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

TWENTY FIRST ANNUAL REPORT 2010-2011

BOARD OF DIRECTORS

Mr. Milan B. Khakhar - Chairman and
Managing Director
Mr. Prakash B. Khakhar - Joint Managing Director
Mrs. Vasumati B. Khakhar
Mr. K. Natarajan
Ms. A. Y. Parekh
Mr. K. Gopi Nair

AUDITORS

M/s. Ashar & Co.
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.

TWENTY FIRST ANNUAL GENERAL MEETING

AT
Sunflower-II,
Centre 1, 30th Floor,
World Trade Centre,
Cuffe Parade, Mumbai-400005
On Monday, 19th September, 2011
At 9:15 A.M.

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