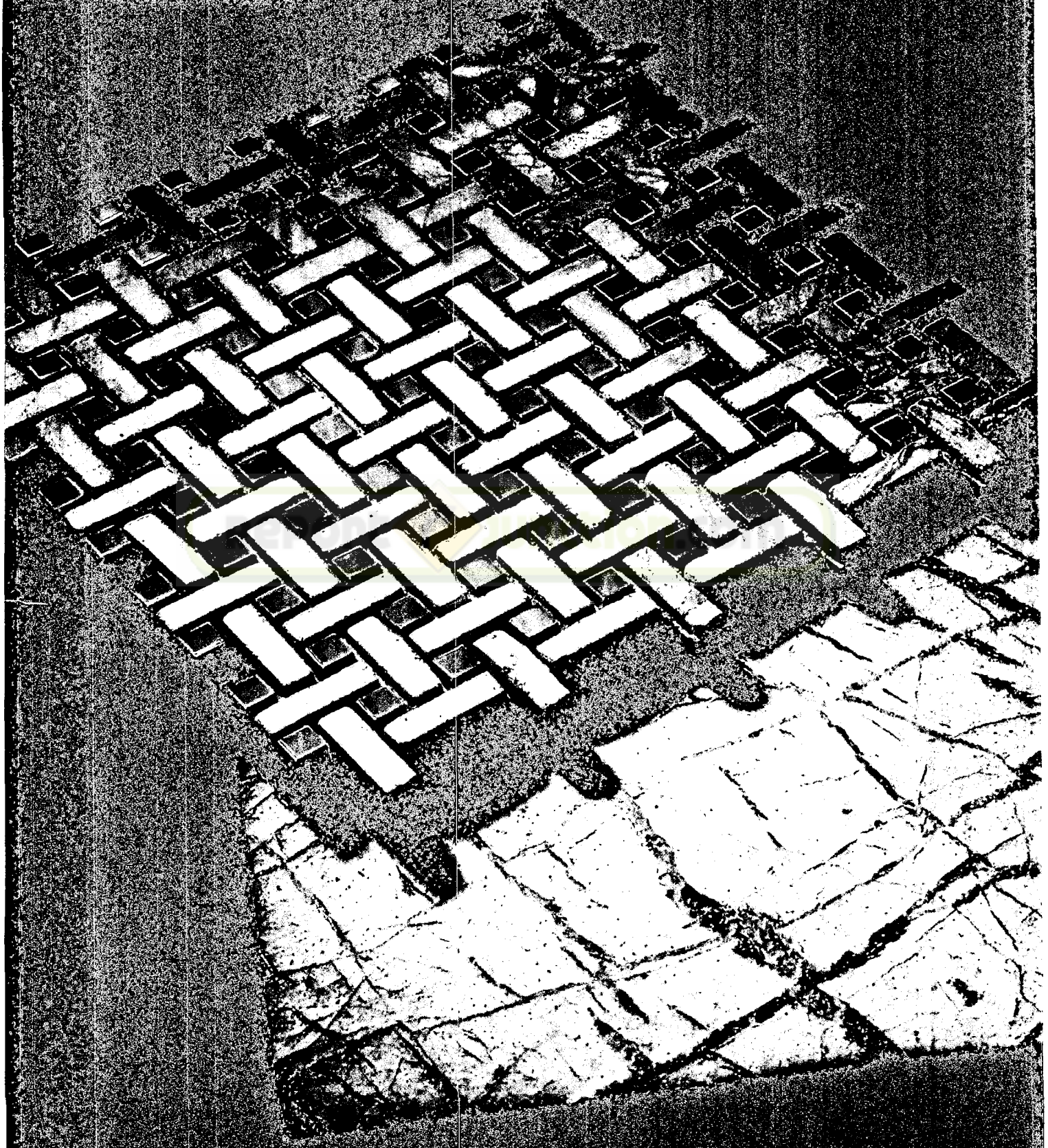
ANNUAL REPORT
2007 - 2008

A commitment to quality
that leaves no stone unturned



SOLID STONE COMPANY LIMITED

(Formerly Solid Granites Ltd)

www.reportjunction.com

EIGHTEENTH ANNUAL REPORT 2007-2008

BOARD OF DIRECTORS

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

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

BANKERS
State Bank of India

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

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

Report Junction.com

EIGHTEENTH ANNUAL GENERAL MEETING

AT
Seminar II
Centre 1, 31st Floor,
World Trade Centre,
Cuffe parade
On Tuesday 30th December, 2008
At 9.30 A.M.

www.reportjunction.com

CONTENTS

NOTICE	1
DIRECTOR'S REPORT	2
REPORT ON CORPORATE GOVERNANCE	7
MANAGEMENT DISCUSSION & ANALYSIS	13
AUDITORS' REPORT	15
BALANCE SHEET	18
PROFIT AND LOSS ACCOUNT	19
SCHEDULES	20
CASH FLOW STATEMENT	33
AUDITORS REPORT TO CONSOLIDATED ACCOUNTS	35
CONSOLIDATED BALANCE SHEET	36
CONSOLIDATED PROFIT AND LOSS ACCOUNT	37
SCHEDULE FORMING PART OF CONSOLIDATED ACCOUNTS	38
CONSOLIDATED CASH FLOW STATEMENT	45
ANNUAL ACCOUNTS OF GRANITEXX UK LIMITED	46
ANNUAL ACCOUNT OF STONE SOURCE GB LIMITED	50

www.reportjunction.com

NOTICE OF MEETING

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Shareholders of SOLID STONE COMPANY LIMITED will be held at Seminar-II, Centre 1, World trade Centre, 31st Floor, Cuffe Parade, Mumbai – 400005 on Tuesday, 30th December, 2008 at 9.30 am to transact , as may be permissible the following business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2008 , 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. V. B. Khakhar who retires by rotation and being eligible offers herself for re-appointment.

4. To appoint Auditors and to fix their remuneration.

NOTES :

A) A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE FOR HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

B) The Register of Members and Share Transfer Books of the Company will be closed from 26th December, 2008 to 30th December, 2008 (both days inclusive)

C) The form of proxy should be deposited at the *Registered Office* of the Company not less than 48 hours before the commencement of the meeting.

D) Members intending to require information about accounts to be explained in the meeting are requested to inform the Company in writing at least seven days in advance of the Meeting.

E) Members are requested to :
   i) Bring their copies of the Annual Report alongwith duly filled in attendance slip to the Meeting.
   ii) Notify immediately any change in their address, at the *Registered office* of the Company, quoting their Folio numbers.
   iii) Send all their documents and communications pertaining to shares to Sharex (India) P.Ltd. (Share Transfer Agents of the company) at 17/ B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai-400001,

G) *The Company's shares are now available for dematerialisation. Members opting for the same may contact their Depository Participants.*

H) *Details regarding retiring Director , seeking re-appointment at the Annual General Meeting :*

Mrs. V.B.Khakhar (72) 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 6,52,190 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 : 3rd December, 2008

www.reportjunction.com

DIRECTOR'S REPORT

The Members,

Your Directors have pleasure in presenting their Eighteenth Annual Report of the Company for the year ended on 31st March, 2008.

FINANCIAL RESULTS :

	Year Ended 31st March, 2008 Rs.in '000s	Year Ended 31st March, 2007 Rs.in '000s
Gross Income	3,05,060	1,64,579
Profit before Depreciation and Tax	14,838	7,604
Profit after Tax	6,578	3,175
Balance brought forward from *Previous year*	20,228	20,217
Balance brought forward on Merger	1,451	--
Amount available for Appropriation	28,257	23,392
Proposed Dividend	3,228	2,704
Tax on Dividend	548	460
Surplus carried to Balance Sheet	24,481	20,228

DIVIDEND :
Your Directors are pleased to recommend a Dividend at the rate of 6% for the year ended 31st March, 2008 on the paid Equity Share Capital.

OPERATIONS :
The Company is focusing on the booming domestic market and harnessing its domain knowledge to explore opportunities in India alongwith its regular export activities. During the year, pursuant to the Scheme of Amalgamation, the Company acquired Chain of Retail Outlets, which has added to the Gross Income and increase in Profits.

The Current Year Operations incorporate the working results for the period 1st October, 2007 to 31st March, 2008 (6 months) of the Transferor Company, viz. Granitexx Stones and Mosaics Private Limited.

The year under review was a year of restructuring of business of the company. The company was amalgamated with Granitexx Stones and Mosaics Private Limited and consequently became the Holding company of two of its Subsidiaries viz. Granitexx UK Ltd. and Stone Source GB Ltd. The company has for the first time published the consolidated performance to cover performance of the above two subsidiaries.

INCREASE IN CAPITAL :
During the year the Company issued 4,00,000 Equity Shares of Rs.10/- each on Preferential basis at a Premium of Rs.90/- per Share to the Investors. The said shares have been listed on the Bombay Stock Exchange Ltd. The funds raised by the Preferential Issue have been utilised as per the Objects of the Issue. The Company also issued 3,00,000 Equity Shares Warrants with option to convert into One Share at a premium of Rs.115/- per Share within a period 18 months from the date of issue.

CHANGE OF NAME :
The members had passed Special Resolution at the 17th Annual General Meeting for changing the name of your Company from *"Solid Granites Limited"* to *"Solid Stone Company Limited"* to reflect in broader sense the main object and present activities of the Company. The Company obtained fresh Certificate from the Registrar of Companies, Maharashtra consequent to the change of name. With effect from 2nd November, 2007, the name of the Company was changed from Solid Granites Limited to Solid Stone Company Limited.

SCHEME OF AMALGAMATION :
The Scheme of Amalgamation of Granitexx Stones and Mosaics Private Limited with your Company has been approved by the Hon'ble Bombay High Court under Sections 391 to 394 of the Companies Act, 1956. In terms of the said order, the business of Granitexx Stones and Mosaics Private Limited has been vested with your company retrospectively from October 1 , 2007 (the "Appointed Date") The business of Granitexx Stones and Mosaics Private Limited consists of trading in natural Stones including Marble, Granite and all other kinds of building material. All assets and liabilities pertaining to the said business have been transferred to your Company in accordance with the Scheme of Amalgamation.
These Financial Statements have been prepared in accordance with Scheme of Amalgamation after incorporating the results of Granitexx Stones and Mosaics Private Limited from the "Appointed Date ". In view of the Scheme of Amalgamation, the Current financial years figures are not comparable with previous year.
Consequent to amalgamation of Granitexx Stones and Mosaics Private Limited with the Company, the authorized Capital of the Company stands increased from Rs.4 crores to Rs.7.5 crores.

www.reportjunction.com

SUBSIDIARY COMPANIES :
Consequent to Scheme of Amalgamation becoming operative, your Company has acquired two Subsidiary Companies during the year under review ; this has helped to improve the consolidated Performance of the Company.

Information on Financials of Subsidiary Companies for the year 2007-08 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. The brief of Subsidiary Companies are given below ;

a) **Granitexx UK Ltd.**
Granitexx UK Limited was incorporated on 30th August, 2007 in UK. Granitexx Stones and Mosaics Private Limited was holding 100% of the shares of Granitexx UK Ltd. By virtue of merger of Granitexx Stones and Mosaics Private Limited with the company, Granitexx UK Ltd is now the subsidiary of the company.
Granitexx UK Limited is an importer and distributor of marble, granite and other natural stone products. It also offers specialized services in the nature of assisting in procuring natural stone products form European and other neighbouring countries.

b) **Stone Source GB Ltd.**
Stone Source GB Limited was incorporated on 14th August, 2007 in UK. Granitexx UK Ltd, a 100% subsidiary of Granitexx Stones and Mosaics Private Limited is holding 51% shares of Stone Source GB Ltd. By virtue of merger of Granitexx Stones and Mosaics Private Limited with the company, Stone Source GB Ltd is now, indirectly, the subsidiary of the company.
Stone Source GB Ltd. has an exclusive retail showroom in Leicester, UK, which offers a comprehensive range of natural stone products, including those with semi precious stones and designer and metal mosaics, under one roof, with a state-of-the-art display of products and its concepts.

DIRECTORATE :
Mrs.V.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 did not have any Employees who were in receipt of remuneration of not less than Rs.24,00,000 during the year ended 31st March, 2008, but had 2 employees who were in receipt of Remuneration of not less than Rs.2,00,000 per month, during part of the said year. However, in pursuance of the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors Report is being sent to the shareholders of the company excluding the aforesaid information, and the said particulars will be made available on request, and also made available for inspection at the Registered Office of the Company. Members interested in obtaining such particulars may write to the Company at the Registered Office of the Company.

Director's Responsibility Statement under Section 217 (2AA) is as follows :
Your Directors make the following statement pursuant to section 217(2AA) of the Companies Act, 1956 ;

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

INSURANCE :
All the assets of the Company are adequately insured.

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

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

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

www.reportjunction.com

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	1,00,675	67,803
Total Cost	Rs. 6,22,271	Rs. 4,35,500
Rate per unit	Rs. 6.18	Rs. 6.42
Consumption per unit of production (Units per sq.ft.)	4.38	4.62

ii) Technology Absorption : Not Applicable

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

APPRECIATION :

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

For and behalf of the Board

PLACE : MUMBAI
DATED : 3rd December, 2008

Milan B. Khakhar
Chairman

www.reportjunction.com

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	31/03/2008	31/03/2008
	Currency	GBP	GBP
	Exchange rate on the last day of the financial year	79.53	79.53
1	Share Capital	20001	100
2	Reserves	NIL	NIL
3	Liabilities	64959	28131
4	Total Liabilities	64959	28131
5	Total Assets	84960	28231
6	Investments (excluding Investment in Subsidiary Companies)	NIL	NIL
7	Turnover (Total Revenue)	3466	1241
8	Profit/(Loss) before taxation	(2595)	(8612)
9	Provision for taxation	NIL	NIL
10	Profit/(Loss) after taxation	(2595)	(8612)
11	Proposed dividend - Equity	NIL	NIL

www.reportjunction.com

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	**31/03/2008**	**31/03/2008**
Number of Equity Shares in the subsidiary held by the Company directly or through its subsidiary companies on March 31, 2008	20,000 Ordinary Shares of £1 each fully paid-up	51 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, 2008	Nil	Nil
(b) for previous financial years of the subsidiary since it became subsidiary of Solid Stone Company Limited.	N.A.	N.A.
ii) Not dealt with in the accounts of Solid Stone Company Limited amounted to:		
(a) for the subsidiary's financial year ended March 31, 2008	(£ 2,595)	(£ 4,392)
(b) for previous financial years of the subsidiary since it became subsidiary of Solid Stone Company Limited.	N.A.	N.A.

For and on behalf of the Board

MUMBAI : 3rd December, 2008

M.B.KHAKHAR
Chairman & Managing Director

P.B.KHAKHAR
Jt.Managing Director

www.reportjunction.com

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 2008 the Board met ten times on 30th April, 2007, 29th June, 2007, 30th July, 2007, 29th August, 2007, 29th October, 2007, 9th November 2007, 23rd November, 2007, 7th December, 2007, 9th January, 2008, 29th January, 2008.

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, 2008 and other details are as under:

Name of Director	Category	No Of Board Meetings attended during 2007-08	Whether attended last AGM	No. of Directorships in other Public Limited Companies	No.of Committee positions held in Other Companies
Mr.Milan B. Khakhar	Executive Promoter	10	Yes	2	-
Mr.Prakash B.Khakhar	Executive Promoter	10	Yes	2	-
Mrs.Vasumati B. Khakhar	Non-Executive Promoter	9	Yes	1	-
Mr.K.Natrajan	Non-Executive Independent	9	Yes	-	-
Ms.Ashni Y.Parekh	Non-Executive Independent	10	Yes	-	-
Mr.K.Gopi Nair	Non-Executive Independent	8	Yes	-	-

Code of Conduct :

The Board has formulated a code of conduct for the Board members and senior management of the company. All Board members and senior management personnel have affirmed the compliance with the code as on 31st March 2008 to the Company.

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

C. Audit Committee:

The Audit Committee comprises of Mr.K. Natarajan, Mr.K.Gopi Nair and Ms.A.Y.Parekh. All the members of this Committee are independent Directors and Mr. K. Natarajan is the Chairman of the Audit Committee.
Mr.K.Natrajan is a Chartered Accountant and has a rich experience of more than 50 years in areas of Accountancy, Law, Finance and Insurance.

www.reportjunction.com