

**NOTICE OF MEETING**

NOTICE is hereby given that the Twentieth Annual General Meeting of the Shareholders of SOLID STONE COMPANY LIMITED will be held at Seminar-II, Centre 1, World Trade Centre, 31st Floor, Cuffe Parade, Mumbai - 400005 on Wednesday, 22nd September, 2010 at 9.15 am to transact, as may be permissible the following business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010, Profit and Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To declare a Dividend
3. To appoint a Director in place of Mr. K.Natarajan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Ashar & Co., Chartered Accountants in place of M/s. K. Poddar & Associates, Chartered Accountants, existing Auditors and to fix their remuneration.

**NOTES :**

- A) A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE FOR HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- B) The Register of Members and Share Transfer Books of the Company will be closed from 17th September, 2010 to 22nd September, 2010 (both days inclusive)
- C) The form of proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- D) Members intending to require information about accounts to be explained in the meeting are requested to inform the Company in writing at least seven days in advance of the Meeting.
- E) Members are requested to :
  - i) Bring their copies of the Annual Report alongwith duly filled in attendance slip to the Meeting.
  - ii) Notify immediately any change in their address, at the Registered office of the Company, quoting their Folio numbers.
  - iii) Send all their documents and communications pertaining to shares to Sharex (India) P.Ltd. (Share Transfer Agents of the company) at 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai-400001,
- G) *The Company's shares are now available for dematerialisation. Members opting for the same may contact their Depository Participants.*
- H) *Details regarding retiring Director, seeking re-appointment at the Annual General Meeting :*
  - a) Mr. K. Natrajan (79), is a Chartered Accountant and former Secretary (Investment) with Life Insurance Corporation of India, (LIC). He has a rich experience of more than 52 years in areas of Accountancy, Law, Finance and Insurance. He is not holding any other Directorships. He is a member of Remuneration Committee and Chairman of the Audit Committee of the company constituted by the Board for effective Corporate Governance. The relevant details about his attendance of the meeting are given in Report of Corporate Governance forming part of the Annual Report. He is holding 100 shares in the Company. He is not related to any Director of the Company.

**REGISTERED OFFICE**

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

Place : Mumbai

Date : 27th August, 2010

By Order of the Board of Directors

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

**DIRECTOR'S REPORT**

The Members,

Your Directors have pleasure in presenting their Twentieth Annual Report of the Company for the year ended on 31st March, 2010.

**FINANCIAL RESULTS :**

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

**DIVIDEND :**

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

**OPERATIONS :**

The Company is continuing to focus on the domestic market which is growing, despite sectoral turnaround witnessed in global economy and harnessing its domain knowledge to explore opportunities in India alongwith its regular export activities.

During the year under review the company maintained its gross as well as net income, although margins were under pressure due to higher cost of inputs, interest and depreciation provision.

**SUBSIDIARY COMPANIES :**

Information on Financials of Subsidiary Companies viz. Granitexx UK Ltd. and Stone Source GB Ltd. for the year 2009-10 are provided in Annexure hereto. In respect of Foreign Subsidiary Companies, figures in Rupees are converted from applicable respective currencies at appropriate rate at the year end.

**DIRECTORATE :**

Mr.K.Natarajan, Director of the company shall retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

**CONSOLIDATED FINANCIAL STATEMENTS :**

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

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

The Company had 2 ( two ) Employees who were in receipt of remuneration of not less than Rs.24,00,000 during the year ended 31st March, 2010, and no employees who were in receipt of Remuneration of not less than Rs.2,00,000 per month, during part of the said year. However, in pursuance of the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors Report is being sent to the shareholders of the company excluding the aforesaid information, and the said particulars will be made available on request, and also made available for inspection at the Registered Office of the Company. Members interested in obtaining such particulars may write to the Company at the Registered Office of the Company.

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

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

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

**INSURANCE :**

All the assets of the Company are adequately insured.

**CORPORATE GOVERNANCE :**

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

**AUDITORS :**

M/s. K. Poddar & Associates, Chartered Accountants, existing Auditors have expressed their unwillingness to be reappointed as Statutory Auditors of the Company. It is proposed to appoint M/s. Ashar & Co., Chartered Accountants, as Statutory Auditors of the company at the ensuing Annual General Meeting. They have indicated their willingness to act as statutory Auditors, in terms of section 224A of the Companies Act, 1956. The Company has received notice from a member signifying his intention to propose the candidature of M/s. Ashar & Co., Chartered Accountants to the office of the Auditors of the Company. Their appointment needs to be confirmed and remuneration needs to be fixed.

**DISCLOSURES :**

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

## i) Conservation of Energy :

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

	Current Year	Previous Year
Power Consumption (Electricity)		
Units	61,618	67,584
Total Cost	Rs. 3,60,940	Rs. 4,05,128
Rate per unit	Rs. 5.86	Rs. 5.99
Consumption per unit of production (Units per sq.ft.)	2.19	3.25

## ii) Technology Absorption : Not Applicable

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

**APPRECIATION :**

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

PLACE : MUMBAI

DATED : 27th August 2010

For and behalf of the Board

**Milan B. Khakhar**  
Chairman.

**Solid Stone Company Limited**  
**Information on the financials of the Subsidiary Companies**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Granitexx UK Ltd.</b>	<b>Stone Source GB Ltd.</b>
	Financial year ending on	3/31/2010	3/31/2010
	Currency	GBP	GBP
	Exchange rate on the last day of the financial year the financial year	68.0328	68.0328
1	Share Capital	20001	10000
2	Reserves	32523	NIL
3	Liabilities	94495	97930
4	Total Liabilities	147019	107930
5	Total Assets	147019	107930
6	Investments (excluding Investment in Subsidiary Companies)	NIL	NIL
7	Turnover (Total Revenue)	59887	71865
8	Profit/(Loss) before taxation	28717	(5029)
9	Provision for taxation	6092	NIL
10	Profit/(Loss) after taxation	22625	(5029)
11	Proposed dividend - Equity	NIL	NIL

## REPORT ON CORPORATE GOVERNANCE

### A. Philosophy:

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

### B. Board of Directors:

Composition, Meetings and Attendance:

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

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

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

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

The composition of the Board of Directors as on March 31, 2010 and other details are as under:

Name of Director	Category	No of Board Meetings attended during 2009-10	Whether attended last AGM	No.of Directorships in other Public Limited Companies	No.of Committee positions held in other Companies
Mr.Milan B. Khakhar	Executive Promoter	7	Yes	2	-
Mr.Prakash B.Khakhar	Executive Promoter	7	Yes	2	-
Mrs.Vasumati B. Khakhar	Non-Executive Promoter	6	Yes	1	-
Mr.K.Natarajan	Non-Executive Independent	7	Yes	-	-
Ms.Ashni Y. Parekh	Non-Executive Independent	7	Yes	-	-
Mr.K.Gopi Nair	Non-Executive Independent	6	Yes	-	-

### Code of Conduct :

The Board has formulated a code of conduct for the Board members and senior management of the company. All Board members and senior management personnel have affirmed the compliance with the code as on 31st March 2010 to the Company.

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

### C. Audit Committee:

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

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

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

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

Name of Members	Category	No.of Committee Meetings attended during 2009-2010
Mr.K.Natarajan, Chairman	Independent Non-Executive	6
Ms.A.Y.Parekh, Member	Independent Non-Executive	6
Mr.K.Gopi Nair, Member	Independent Non-Executive	5

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

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

The Compliance Officer acts as the Secretary of the Committee.

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

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

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

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

Meetings of this Committee are held only when required.

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

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

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

#### **Remuneration Policy**

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

Details of Remuneration paid to the Directors during the year ended 31st March 2010 are as follows:

Name	Salary	Allowances	Perquisites	Sitting Fees	Total
Mr.M.B.Khakhar	24,00,000	30,000	7,741	—	24,37,741
Mr.P.B.Khakhar	24,00,000	30,000	—	—	24,30,000
Mrs.V.B.Khakhar	—	—	—	15,000	15,000
Mr.K.Natarajan	—	—	—	18,000	18,000
Ms.A.Y.Parekh	—	—	—	18,000	18,000
Mr.K.Gopi Nair	—	—	—	15,000	15,000

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

The company has formed Shareholders/Investors Grievances Committee under the Chairmanship of Ms.A.Y.Parekh with Mr.Milan B.Khakhar and Mrs.Vasumati B.Khakhar as its members, to look into redressal of Shareholders and investors grievances with respect to transfer of Shares, Non Receipt of Declared Dividend or Annual Report etc. and other matters relating to shareholder relationship. The shareholders grievance committee met at six times during the year 20th April, 2009, 21st July, 2009, 20th August, 2009, 28th October, 2009, 19th December, 2009, 19th February, 2010.

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

Name of Members	Category	Meetings Attended During the year 2009-2010
Ms.A.Y.Parekh (Chairman)	Independent Non-Executive	5
Mr.Milan B.Khakhar	Promoter Executive	4
Mrs.Vasumati B.Khakhar	Promoter Non-Executive	5

All the valid Share Transfer requests received during the year were duly attended to and there were no valid request pending for Share Transfer as on 31st March, 2010.

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

No. of Complaints pending unresolved as on 31st March, 2010 : Nil

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

Mr.Manoj D. Dewani - Vice President  
Solid Stone Company Limited, Maker Chambers V, Nariman Point,  
Mumbai - 400021.  
Tel: 22826977 / 78 Fax: 22826439 Email : solidgranites@gmail.com

#### G i) Annual General Meetings:

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

AGM No	Accounting Year	Date	Time	Location	No.of Special Resolutions passed
19th	2008-2009	Sep 23 2009	9.15 a.m.	Sunflower II, Centre 1, 30th Floor, World Trade Centre, Cuffe Parade, Mumbai-400005.	2
18th	2007-2008	Dec 30 2008	9.30 a.m.	Seminar II, Centre 1, 31st Floor, World Trade Centre, Cuffe Parade, Mumbai-400005.	-
17th	2006-2007	Sep 25 2007	9.15 a.m.	Garware Club House, Wankhede Stadium, 'D' Road Churchgate, Mumbai-400020.	3

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

#### **H. Disclosures:**

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

#### **I. Means of Communication:**

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

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

#### **J. General Shareholder Information:**

##### **a) Annual General Meeting**

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

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

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

##### **c) Details of book closures:**

From 17th September, 2010 to 22nd September, 2010 (both days inclusive)

##### **d) Dividend Payment**

The Directors have proposed a Dividend of 6% subject to the approval of the shareholders at the ensuing Annual General Meeting, and the same will be paid to the shareholders whose names appear on Register of Members as on 17th September, 2010, on or after 22nd September, 2010.



**e) Stock Exchange Listing:**

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

Scrip code on the Bombay Stock Exchange (BSE) : 513699

ISIN : INE584G01012

**f) Market Price Data:**

The details of monthly highest and lowest closing quotations of the equity shares of the Company at the Bombay Stock Exchange, during financial year 2009-2010 are as under :-

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

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

**g) Registrars and Transfer Agents:**

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

**h) Share Transfer System**

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

**i) Statistics of Shareholders as on 31st March, 2010**

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

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

Categories	No of Shares	% of shareholding
Promoters	37,44,900	69.61
Resident Individuals	9,68,919	18.01
Domestic Cos.	6,66,181	12.38
Total	53,80,000	100.00

**k) Dematerialization of Shares:**

The company has appointed M/s.Sharex (India) Pvt.Ltd., 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai-400001 as Share Transfer Agents of the Company for transfer of Shares in physical and demat form. 66.85 % of the Company's Share Capital is dematerialized as on 31st March, 2010.

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

**m) Address for correspondence:**

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

Ph. 91 22 66115800

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

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

*Remuneration Committee:*

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

*Audit Qualification:*

The Company is in the regime of unqualified financial statements.

*Whistle Blower Policy:*

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