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NOTICE OF MEETING

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Shareholders of SOLID STONE COMPANY LIMITED will be held at Centrum, Centre-1, World Trade Centre, 1st Floor, Cuffe Parade, Mumbai - 400005 on Tuesday, 25th September, 2012 at 9.15 am to transact, as may be permissible the following Ordinary business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss for the year ended on that date, the Reports of the Auditors and Directors thereon.
2. To declare a Dividend
3. To appoint a Director in place of Ms.A.Y.Parekh who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Mr. K.Gopi Nair who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint M/s. Ashar & Co., Chartered Accountants as Statutory 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 19th September, 2012 to 25th September, 2012 (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 available for dematerialisation. Members opting for the same may contact their Depository Participants.*
- H) *Details regarding retiring Director , seeking re-appointment at the Annual General Meeting :*
 - a) Ms. A.Y.Parekh (41), is a Commerce and Law Graduate from University of Mumbai. She has rich experience of more than 14 years in legal and commercial matters. She was appointed as Director of the Company from 26th September, 1997. She is a member of committees appointed by the Board for effective Corporate Governance. She does not hold other Directorship. The relevant details about her attendance of meetings and other Directorships are given in the Report on Corporate Governance forming part of Annual Report. She holds 40847 Equity Shares of the Company.
 - b) Mr. K. Gopi Nair (53), is a Commerce Graduate from University of Mumbai. He has vast experience of more than 24 years in building materials and natural stone industry. He was appointed as Director of the Company from 1st January, 2003. He is a member of committees appointed by the Board for effective Corporate Governance. He does not hold other Directorship. The relevant details about his attendance of meetings and other Directorships are given in the Report on Corporate Governance forming part of Annual Report. He holds 840 Shares of the Company.

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 : 29th August, 2012

DIRECTOR'S REPORT

The Members,

Your Directors have pleasure in presenting their Twenty-second Annual Report of the Company for the year ended on 31st March, 2012.

FINANCIAL RESULTS :

	Year Ended 31st March, 2012 Rs.in '000s	Year Ended 31st March, 2011 Rs.in '000s
Gross Income from Operations	4,49,997	4,44,891
Profit before Depreciation and Tax	21,542	19,539
Profit after Tax	8,719	8,376
Balance brought forward from Previous year	33,632	29,007
Amount available for Appropriation	42,351	37,383
Proposed Dividend	3,228	3,228
Tax on Dividend	524	524
Surplus carried to Balance Sheet	38,599	33,631

DIVIDEND :

Your Directors are pleased to recommend a Dividend of ₹.0.60 per share for the year ended 31st March, 2012 on the Equity Share Capital.(Previous Year . ₹ 0.60 per share)

OPERATIONS :

The Company continues 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 a higher net income in the era of depressed markets, increasing costs and interest.

SUBSIDIARY COMPANIES :

Information on Financials of Subsidiary Companies viz. Granitexx UK Ltd. and Stone Source GB Ltd. for the year 2011-12 are provided in Annexure hereto. In respect of Foreign Subsidiary Companies, figures in Rupees are converted from applicable respective currencies at appropriate rate at the year end.

DIRECTORATE :

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

CONSOLIDATED FINANCIAL STATEMENTS :

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

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

The Information Pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies particulars of Employees Rules 1975 is not applicable.

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	43,397	37,821
Total Cost	₹ 3,47,350	2,51,130
Rate per unit	₹ 8.00	₹ 6.64
Consumption per unit of production (Units per sq.ft.)	1.98	0.84

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 : 29th August 2012

For and behalf of the Board
Milan B Khakhar
Chairman.

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 2012, the Board met Nine times on 15th April, 2011, 2nd May, 2011, 12th August, 2011, 27th August, 2011, 29th August, 2011, 12th October, 2011, 12th November, 2011, 8th February, 2012, 7th March, 2012.

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, 2012 and other details are as under:

Name of Director	Category	No of Board Meetings attended during 2011-12	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	9	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 2012 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 2011-2012
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	4

During the year 2011-12, Six Audit Committee Meetings were held on 2nd May, 2011, 12th August, 2011, 21st August, 2011, 27th August, 2011, 12th November, 2011, 8th February, 2012.

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 2011-12.

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 2012 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 21st April, 2011, 14th June, 2011, 29th August, 2011, 21st November, 2011, 22nd December, 2011, 8th February, 2012.

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

Name of Members	Category	Meetings Attended During the year 2011-2012
Ms.A.Y.Parekh (Chair Person)	Independent Non-Executive	5
Mr.Milan B.Khakhar	Promoter Executive	5
Mrs.Vasumati B.Khakhar	Promoter Non-Executive	4

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, 2012.

No.of Investors' complaints received during financial year 2011-12 :Nil

No. of Complaints pending unresolved as on 31st March, 2012 : 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
21st	2010-2011	Sep 19 2011	9.15 a.m.	Sunflower II, Centre 1, 30th Floor, World Trade Centre, Cuffe Parade, Mumbai-400005.	-
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

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:

- None of the transactions with any of the related parties was in conflict with the interests of the Company at large. Attention of the Members is drawn to the transactions with the related parties set out in Notes on Accounts-Note No.27(E), forming part of the Annual Report.
- The Company's major related party transactions are generally with its Subsidiaries and Associates. The related party transactions are entered into based on considerations of various business exigencies. All related party transactions are negotiated on arms length basis and are only intended to further the interests of the Company. A statement in summary form of the transactions with related parties is periodically placed before the Audit Committee as required under Clause 49 IV (A) of the Listing Agreement with the Stock Exchanges.

- c) 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.
- d) 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.
- e) 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 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 22nd AGM of the members of the company is scheduled to be held on 25th September, 2012 at "Centrum", Centre 1, World Trade Centre, 1st 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, 2012	Already Published
B	Unaudited Results for the second quarter ending on September 30, 2012	By 15th of November, 2012
C	Unaudited Results for the third quarter ending on December 31, 2012	By 15th of February, 2013
D	Unaudited Results for the fourth quarter ending on March 31, 2013	By 15th of May, 2013
E	Results (Audited) for the financial Year ending March 31, 2013	By end of August, 2013
F	Annual General Meeting for the year ending March 31, 2013	By end of September, 2013

c) Details of book closures:

From 19th September, 2012 to 25th September, 2012 (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 25th September, 2012, to the shareholders whose names appear on Register of Members as on 19th September, 2012.

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 2012-2013 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 2011-2012 are as under :-

Month	Quotation at Mumbai Stock Exchange	
	High	Low
April, 2011	51.00	42.25
May, 2011	58.80	42.20
June, 2011	57.45	47.70
July, 2011	57.10	48.30
August, 2011	53.00	45.65
September, 2011	56.45	51.50
October, 2011	55.00	46.70
November, 2011	52.75	46.00
December, 2011	66.00	55.00
January, 2012	60.50	56.00
February, 2012	60.00	48.50
March, 2012	59.90	47.00

(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, 2012

Shares held	No.of Shareholders	% of Shareholders	No.of Shares held	% of Shares held
1-500	793	81.17	1,00,512	1.87
501 - 1000	54	5.53	44,949	0.84
1001 - 2000	35	3.58	51,934	0.97
2001 - 3000	6	0.61	15,699	0.29
3001 - 4000	12	1.23	44,537	0.83
4001 - 5000	10	1.02	47,198	0.88
5001 - 10000	16	1.64	1,30,311	2.42
10001 and above	51	5.22	49,44,860	91.91
Total	977	100.00	53,80,000	100.00

j) Shareholding Patterns as on March 31, 2012:

Categories	No of Shares	% of shareholding
Promoters	36,96,400	68.70
Individuals	11,41,983	21.23
Domestic Cos.	5,41,617	10.07
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.

96.77 % of the Company's Share Capital is dematerialized as on 31st March, 2012.

l) The Company has not issued any GDRs/ADRs. No Bonds were Outstanding as on 31st March, 2012.

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.