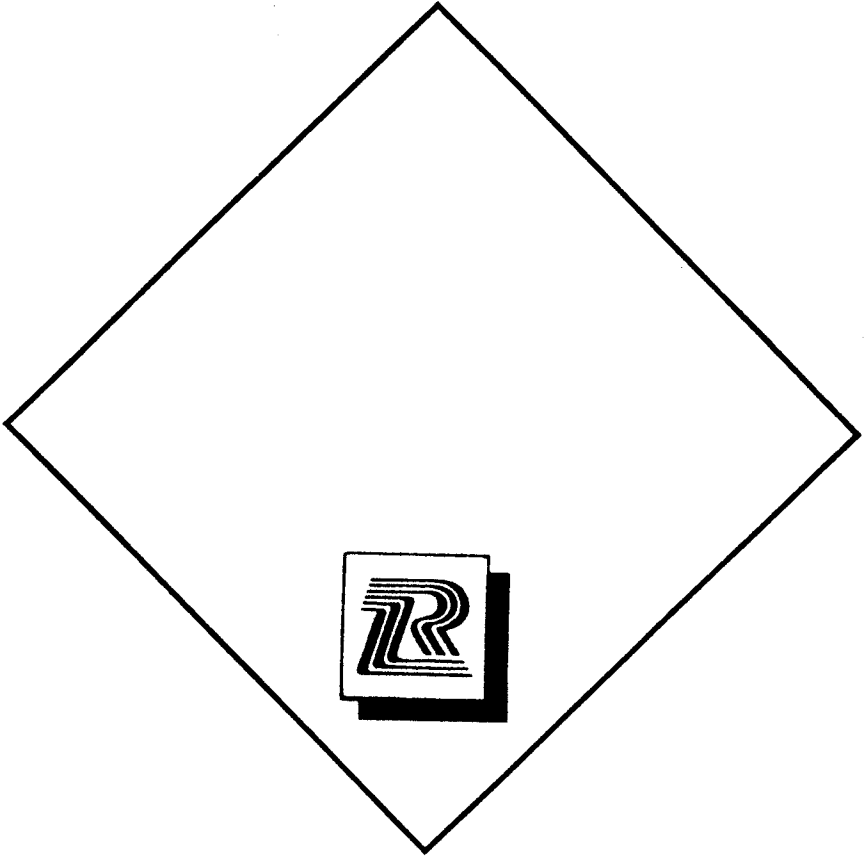


16th
ANNUAL REPORT
2005-2006



Ravi Leela
Granites Limited

AVILEELA GRANITES LIMITED

BOARD OF DIRECTORS:

Dr. BABU S. RAMDEV
Director

Mr.D.SURENDRANATH REDDY
Director

Mr. M.MOHAN REDDY
Director

Mr. P.SRINIVAS REDDY
Managing Director

AUDITORS:

M/s. S.V. RAO ASSOCIATES
Chartered Accountants,
215&216, 2nd Floor,
Model House, Punjagutta,
HYDERABAD – 500 082.

INTERNAL AUDITORS:

M/s. VENKAT MALLI AND ASSOCIATES
Chartered Accountants,
1-408, Divyashakti Apartments
7-1-58, Ameerpet,
Hyderabad – 16

BANKERS:

STATE BANK OF INDIA
OVERSEAS BRANCH, ABIDS,
HYDERABAD - 500 001

REGD. OFFICE & FACTORY:

S.NO 203,SAMPANNABOLU VILLAGE
SHAMEERPET MANDAL
RANGA REDDY DISTRICT

**CORPORATE OFFICE
& SHARE TRANSFER DIVISION:**

PLOT NO.10, GRUHALAXMI COLONY,
(R&D COLONY), KARKHANA,
SECUNDERABAD – 500 015.
Ph.No.040-27846321, Fax:040-27846320
Email:ravileel@netlinx.com
www.ravileelagranites.com

RAVILEELA GRANITES LIMITED

NOTICE

Notice is hereby given that the 16th Annual General Meeting of the Members of the Company will be held on Monday the 25th SEPTEMBER, 2006 at 2.00 p.m. at Regd. Office ie., S.No 203, SAMPANNABOLU VILLAGE, SHAMEERPET MANDAL, RANGA REDDY DISTRICT, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 2006 along with Directors' Report and Auditors Report thereon.
2. To appoint a Director in place of Mr. M. Mohan Reddy who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit to pass the following resolution with or without modification as an Ordinary Resolution.

"RESOLVED THAT pursuant to Sec. 224 and other applicable provisions of the Companies Act, 1956, M/s. S.V. Rao Associates, Chartered Accountants, Hyderabad be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration as may be fixed by the Board of Directors of the Company."

By Order of the Board
For **RAVILEELA GRANITES LIMITED**

Regd. Office:
S.No. 203, SAMPANNABOLU VILLAGE,
SHAMEERPET MANDAL, R.R DISTRICT
Date: 22.04.2006

Sd/-
(P.SRINIVAS REDDY)
MANAGING DIRECTOR

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS TO BE VALID SHALL BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer books of the Company will be closed from 20.09.2006 to 25.09.2006 (Both days inclusive)
3. The Members are requested to intimate any change in their address quoting their Registered Folio.
4. The Members are requested to bring Annual Report along with them at the time of Annual General Meeting and are also requested to send their queries, if any, on the adoption of accounts well in advance, so as to enable to place relevant records and information at the time of Annual General Meeting.
5. Brief particulars of Directors retiring by rotation: Please refer to Corporate Governance Report.

AVILEELA GRANITES LIMITED

DIRECTORS' REPORT

To,

The Members of
RAVILEELA GRANITES LIMITED

Your Directors hereby submit the 16th Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2006.

| | Current Year Ended 31.03.2006 | (Rs. in lakhs) Previous Year Ended 31.03.2005 |
|--|----------------------------------|---|
| 1. Sales and Other Income | 2552.78 | 1555.42 |
| 2. Profit before interest and Depreciation | 262.12 | 288.48 |
| 3. Interest | 163.08 | 167.11 |
| 4. Depreciation | 81.35 | 83.94 |
| 5. Profit/(Loss) for the year | 117.69 | 37.43 |
| 6. Adjustments relating to previous year | 3.07 | 24.03 |
| 7. Provision for Deferred Tax | 44.00 | - |
| 8. Provision for Fringe Benefit Tax | 0.69 | - |
| 9. Loss brought forward from previous year | (877.15) | (890.55) |
| 10. Balance | (561.89) | (877.15) |

Management's Discussion and Analysis :

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the Management's discussion and Analysis Report is enclosed as a part of this Report as Annexure -1.

Directors :

Mr. M. Mohan Reddy retiring by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

Director's Responsibility Statement:

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors Responsibility Statement, your Directors wish to confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
2. Such accounting policies have been selected and applied consistently and judgements and estimates are made 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 and loss of the company for that period.
3. Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting any fraud or other irregularities has been taken.
4. Accounts for the financial year ended on 31st March, 2006 are prepared on a going concern basis.

Auditors :

M/s. S.V. Rao Associates, Chartered Accountants, Hyderabad, the Statutory Auditors of the Company retire at this Annual General Meeting and are eligible for reappointment. They have signified their willingness for reappointment and have confirmed their eligibility under Section 224 (IB) of the Companies Act, 1956.

Replies to Auditor's Report :

1. After detailed discussions and negotiations with various parties an amount of Rs.644.98 lakhs have been written back and accordingly there will not be any claim nor counter claim in future.

RAVILEELA GRANITES LIMITED

2. Fixed Assets register is in the process of updation.
3. Provident Fund, Employees State Insurance, Professional Tax, Tax deducted at Source amounts are being remitted during the current year.
4. Since the Granite Industry is not falling under prescribed schedule of Industries Development Regulations Act, provisions of SICA not applicable and no application is made to BIFR.
5. Other observations made in the report are self explanatory as given in the Notes of Accounts.

Fixed Deposits:

The Company has not raised any fixed Deposits as on 31st March, 2006 so as to attract the provisions of section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975 as amended from time to time. There is no outstanding or due to any deposit holder.

Particulars of Employees:

In pursuance of section 217(2A) of the Companies Act, 1956 none of the employee of the company was drawing a remuneration exceeding Rs. 24,00,000/- per annum or Rs.2,00,000/- per month or part thereof.

Personnel:

Your Directors place on record their appreciation for the services rendered by the employees. The relation between the management and the employees has been cordial throughout the year.

Energy Conservation Technology Absorption:

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

| 1. Conservation of Energy | 2005-2006 | 2004-2005 |
|---------------------------|-----------|-----------|
|---------------------------|-----------|-----------|

POWER

| | | |
|-----------------------|---------|---------|
| No. of Units consumed | 2124183 | 2090834 |
| Unit Rate (Rs) | 4.46 | 4.52 |
| Total Amount (Rs) | 9479942 | 9450569 |

FUEL

| | | |
|----------------------------|---|---|
| No. Of Units consumed | — | — |
| Unit Rate (per ltr.) (Rs.) | — | — |
| Total Amount (Rs) | — | — |

| | | |
|------------------------|-----|-----|
| RESEARCH & DEVELOPMENT | NIL | NIL |
|------------------------|-----|-----|

| | | |
|--------------------------|-----|-----|
| ABSORPTION OF TECHNOLOGY | NIL | NIL |
|--------------------------|-----|-----|

Foreign Exchange Earnings and Outgo:

The Foreign Exchange out go and earnings are as follows: (Rs. in lacs)

| | For the year ended 31.03.2006 | For the year ended 31.03.2005 |
|-----------------------------|----------------------------------|----------------------------------|
| Earnings : | 819.46 | 273.90 |
| Out go : | 103.65 | 119.00 |
| For import of Capital goods | — | — |

Listing :

The Shares of the company are listed on Hyderabad Stock Exchange and Mumbai Stock Exchanges.

AVILEELA GRANITES LIMITED

Dematerialisation of Shares: .

Application is being made to NSDL & CDSL for demat of shares. Presently the Shares are being traded in Mumbai Stock Exchange under trade to trade basis.

Corporate Governance:

In accordance with Clause 49 of the Listing Agreement, your company has complied with mandatory recommendations. A report on Corporate on Governance is annexed herewith as Annexure-II.

Acknowledgements:

Your Directors wish to express their thanks for the guidance and assistance received from various departments of State and Central Government and Bankers. Your Directors also wish to thank all the Shareholders for their confidence reposed in the Company.

For and on behalf of the Board of Directors

Place: Hyderabad

Date : 22.04.2006

Sd/-
Managing Director

Sd/-
Director

ANNEXURE – I TO DIRECTOR'S REPORT MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

A) Industry Structure and Development, Opportunities & Threats, Performance, Outlook and Risks & Concerns :

As informed earlier, the Granite industry is performing satisfactorily and the demand for granite slabs is ever increasing. Overall global economic and infrastructural growth is the main cause for demand for granite slabs. Indian market has unique feature of supplying various colours to the world market whereby the demand for Indian granite slabs is high.

Your company has registered a turnover of Rs.18.37 crores as against Rs.15.41 crores of the previous year ending 31st March,05, thus 19.27% of growth. Your company could have achieved better performance if more working capital funds are available at right time.

During the year three quarries located at Chityal (V), Nalgonda District, have been standardized by initiating suitable steps. A technical report to this effect was also obtained.

Your company is planning to expand its capacity and also install/upgrade plant and machinery so as to achieve better productivity with less breakdowns. Your management is optimistic in achieving better performance during the current year with an overall improvement in inventory levels, liquidate funds and market share.

B) Internal Control System and adequacy :

Internal Auditor is carrying Internal Audit regularly in all financial areas which is being reviewed by time to time by Audit Committee. The Managing Director is personally monitoring the activities on day to day basis. The Board of Directors at their Meetings also review the Internal Control at macro level.

C) Financial and Operational Performance :

During the year under review the company has paid the outstanding dues to Andhra Pradesh State Financial Corporation (APSFC) whereby entire assets are presently charged to State Bank of Hyderabad and State Bank of India only against their Term Loan and Working Capital Limits.

Highlights of financial and operational performances are given below:

| | As at 31.03.2006 (Rs. in Lacs) |
|--------------------------------|--|
| Income from Operations | 1837.28 |
| Other Income | 717.92 |
| Profit before interest and Tax | 280.76 |
| Interest | 163.08 |
| Profit for the year | 117.69 |

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D) Human Resources, Industry Development relations:

The company is maintaining good employee relations and no man days are lost during the year due to employees unrest. The company continued within policy of Human Resources Development and retention.

ANNEXURE –II TO DIRECTOR'S REPORT CORPORATE GOVERNANCE

i) Board of Directors :

The Board of Directors comprises a Managing Director and 3 Non- Executive Directors.

During the Year 6 Board Meetings were held on 30/04/2005, 23/07/2005, 30/08/2005, 29/10/2005, 12/12/2005 & 31/01/2006.

The compositions of the Board of Directors and their attendance at the Meetings during the year and at the last Annual General Meeting as also number of other directorship/ membership of committees are as follows:

| Name of Director | Category of Directorship | No. of Board Meetings attended | Attendance at last AGM | No. of other Directorships | Committee Membership Co. Others |
|-------------------------|-----------------------------|--------------------------------|------------------------|----------------------------|---------------------------------|
| Mr.P.Srinivas Reddy | Promoter Executive Director | 6 | YES | 2 | 3 - |
| Mr.D.Surendranath Reddy | Non Executive Director | 6 | YES | - | 4 - |
| Mr.Mohan Reddy | Non Executive Director | 6 | YES | 1 | 4 - |
| Dr.Babu S.Ramdev* | Non Executive Director | - | No | - | 1 - |

*NRI Director

ii) Details of Directors proposed for reappointment :

Mr. M. Mohan Reddy retires by rotation and being eligible offers himself for reappointment. Mr. M. Mohan Reddy is a Post Graduate and worked in Government Sector. He also director in M/s. Trendswear Exports (I) Pvt. Ltd.

iii) Audit Committee :

The Audit Committee is regularly meeting and reviewing as per the scope given in the Listing Agreement.

Compositions:

The Audit Committee comprises of Board of Directors was formed in 2002 and as on today it comprises 3 Non-Executive Independent Directors. The Committee met 5 times during the year and the attendance of Members at the Meetings was as follows:

| Name of Member | Status | No.of Meetings attended |
|-------------------------|----------|-------------------------|
| Mr.M.Mohan Reddy | Chairman | 5 |
| Mr.D.Surendranath Reddy | Member | 5 |
| Dr. Babu S.Ramdev | Member | - |

The Statutory Auditor is a permanent invitee. The Practicing Company secretary is the Secretary of the Committee.

WILEELA GRANITES LIMITED

iv) Remuneration Committee:

a) Terms of reference:

To review, assess and recommend the appointment of Executive and Non- Executive Director and to review their remuneration package, to recommend compensation to the Non- Executive Directors in accordance with the provisions of the Companies Act, 1956.

b) Composition:

The committee comprises 3 Non-Executive Directors. The Committee has not met so far since no activities took place in this direction during the period under review.

c) Remuneration Policy:

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

Details of Directors' remuneration paid for the year ended 31.03.06

i) Executive Directors : Mr. P.Srinivas Reddy
Managing Director Rs.4,80,000/-

ii) Non-Executive Directors : —

v) Share Transfer & Grievances Committee:

a) Terms of reference:

To look into the investor's complaints, if any and to redress the same expeditiously. The committee approves requests for issue of Duplicate Share Certificates, and requests for issue of new certificates on split/consolidation etc., as also requests for transmission of Shares, as may be referred to it by the Share Transfer Committee.

b) Composition:

The Shareholder's Grievance Committee comprises two Non-Executive Directors and Managing Director.

During the year, the Committee held 5 meetings and the attendance of Members was as follows.

| Name of Member | Status | No.of Meetings attended |
|--------------------------|----------|-------------------------|
| Mr. D.Surendranath Reddy | Chairman | 5 |
| Mr. Mohan Reddy | Member | 5 |
| Mr. P.Srinivas Reddy | Member | 5 |

The Secretarial Officer is the Compliance Officer. During the year 22 letters/complaints were received from the investors and the same have been replied/resolved to their satisfaction.

vi) The Board has delegated the powers to approve transfer of the Securities received by the Share Transfer Committee. The Committee held 9 Meetings during the year and approved the transfer of the Shares lodged with the Company.

As on 28/02/06 Share Transfers have been effected for a total of 11,700 shares and duly endorsed share certificates dispatched.

vii) Generalbody Meetings:

The last three Annual General Meetings were held as under:

| Financial Year | Date | Time | Location |
|----------------|-----------|---------|--|
| 2004-2005 | 30/9/2005 | 2.00P.M | Regd.Off. S.No 203, Sampannabole(V) Shameerepet (M), R.R District. |
| 2003-2004 | 30/9/2004 | 2.00P.M | Regd.Off. S.No 203, Sampannabole(V) Shameerepet (M), R.R District. |
| 2002-2003 | 30/9/2003 | 2.00P.M | Regd.Off. S.No 203, Sampannabole(V) Shameerepet (M), R.R District. |

No resolutions were required to be put through postal ballot last year.

RAVILEELA GRANITES LIMITED

viii) Disclosures:

1. Details of related party transactions have been disclosed under Note 10 of Schedule 16 on the financial statements.
2. There were no instances of non-compliance on any matter related to the capital markets, during the last four years.

ix) Means of communication:

1. No Halfyearly reports were sent to Shareholders, however, Unaudited Quarterly Results are furnished to the Stock Exchanges.
2. The Shareholding pattern on a quarterly basis submitted to Stock Exchanges.
3. Management's Discussion & analysis forms part of the Annual Report, which is mailed to the shareholders of the Company.

x) General Shareholder's information:

- a) Annual General Meeting is to be held on 25th SEPTEMBER, 2006 at 2.00 p.m. at Regd. Office ie., S.No 203, SAMPANNABOLU VILLAGE, SHAMEERPET MANDAL, RANGA REDDY DISTRICT.
- b) Financial Calendar
 - Annual results of previous year : 22.04.2006
 - Mailing of Annual Reports : 01.09.2006
 - Annual General Meeting : 25.09.2006
 - Payment of Dividend : Nil
 - First Quarter Results : End July, 2006
 - Second Quarter Results : End October, 2006
 - Third Quarter Results : End January, 2007
 - Fourth Quarter Results : End April, 2007
- c) Dates of book closures : 20.09.2006 to 25.09.2006
(Both days inclusive)
- d) Dividend payment date : Nil
- e) Listing of equity shares : The Hyderabad Stock Exchange Ltd.,
(Regional Stock Exchange) & The Stock Exchange, Mumbai.
- f) Stock Market Data : Shares are not significantly traded on any Stock Exchange during the year under review hence not provided.
- g) Address for Correspondence : The Compliance Officer,
& Compliance Officer : Shares Division : Plot No.10,
Gruhalaxmi Colony, (R&D Colony)
Karkhana, SECUNDERABAD-15.
Phone Nos : 27846321
Fax : 27846320
E-mail: ravileel@nettlinx.com
- h) Share Transfer System : The Company's shares are traded in the Stock Exchanges under Trade to Trade basis. Shares in physical mode which are lodged for transfer are processed and returned to the shareholders within the stipulated time after making necessary endorsements.

RAVILEELA GRANITES LIMITED

i) Distribution of shareholding as on 31st March, 2006.

| NO. OF SHARES | SHAREHOLDERS | | SHAREHOLDING | |
|---------------|--------------|---------------|-----------------|---------------|
| | Nos. | % | Nos. | % |
| Upto 500 | 19541 | 93.032 | 3323500 | 32.53 |
| 501-1000 | 901 | 4.285 | 741700 | 7.26 |
| 1001-2000 | 330 | 1.57 | 493200 | 4.83 |
| 2001-3000 | 79 | 0.38 | 201300 | 1.97 |
| 3001-4000 | 44 | 0.21 | 158950 | 1.56 |
| 4001-5000 | 29 | 0.14 | 136600 | 1.34 |
| 5001-10000 | 33 | 0.16 | 269925 | 2.64 |
| Above 10001 | 49 | 0.23 | 4889825 | 47.87 |
| TOTAL | 21006 | 100.00 | 10215000 | 100.00 |

j) Categories of Shareholders as on 31st March, 2006.

| Category | No. of Shares held | % Share holding |
|--------------------------|--------------------|-----------------|
| Promoter's Holding | 3845000 | 37.641 |
| Banks | 0 | 0 |
| Private Corporate Bodies | 423600 | 4.150 |
| Indian Public | 5716100 | 55.957 |
| NRIs/OCBs | 230300 | 2.252 |
| TOTAL | 10215000 | 100.00 |

k) Dematerialization of Shares and liquidity:

Application is being made to NSDL & CDSL for demat of shares. Presently the shares are being traded in Mumbai Stock Exchange under trade to trade basis.

l) Plant Location : The Company's plant is located at Survey No 203,
Sampannabole Village, Shameerpet Mandal, R R District, A.P.

AUDITORS' CERTIFICATE

To the Members of

RAVILEELA GRANITES LIMITED

We have examined the compliance of conditions of Corporate Governance by RaviLeela Granites Limited for the year ended 31st March, 2006 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of Conditions of corporate governance is the responsibility of the management. Our examination was limit to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the 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 we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders Grievance Committee.

We further state that compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which management has conducted the affairs of the company.

For **S.V. RAO ASSOCIATES**
Chartered Accountant

Place: Hyderabad
Date : 22.04.2006

Sd/-
S.V. RAO
Partner

RAVILEELA GRANITES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **RAVILEELA GRANITES LIMITED** as on 31st March 2006 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto. 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 auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure to statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph 1 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 purposes of our audit:
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books:
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the above books of account:
 - d) In our opinion, the Balance sheet and Profit & loss account comply with the accounting standards referred to in sub-section(3C) of Section 211 of the Companies Act, 1956.
 - e) As per the information and explanations given to us, none of the Directors of the company is disqualified from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 subject to the matter referred to in sub paragraph 2(d) above and in schedule 16.4 regarding write back of credit balances amounting to Rs.644.98 lakhs and consequent effect on the profit for the year give a true and fair view: -
 - i) In the case of the Balance sheet, of the State of affairs of the Company as at 31st March, 2006 and,
 - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

Place: Hyderabad
Date : 22.04.2006

for S.V.RAO ASSOCIATES
Chartered Accountants

Sd/-
(S.V.Rao)
Partner
Membership No.23903

ANNEXURE TO THE AUDITORS' REPORT

- i) (a) The Company is in the process of preparation of records of the fixed assets to show full particulars including quantitative details and situation of fixed assets. The fixed assets were physically verified during the year by the management and the discrepancy, if any, will be ascertained only after the completion of the records.
- (b) In our opinion and according to the information and explanations given to us, no substantial part of the fixed assets have been disposed off during the year.
- ii) (a) The Inventory has been physically verified by the management at the year end. In our opinion the frequency of verification is adequate.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the maintenance of records are satisfactory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.
- iii) (a) In our opinion and according to the information and explanations given to us, the company has granted advance amounting Rs. 305.26 Lakhs to ONE party covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion, the said loans do not bear any interest and the other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the company.
- (c) The Company has written off the advance during the year.
- (d) According to the information and explanations given to us, the company has taken unsecured loans amounting Rs. 153.89 lacs from TWO parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (e) In our opinion, the rate of interest and the other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the company.
- (f) The loan amount has been reversed and credited to the profit and loss account.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods or services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any major weaknesses in the aforesaid internal control procedures.
- v) (a) On the basis of our examination of the books of account and according to the information and explanations given to us, the company has no transactions that needs to be entered in to the register maintained under Section 301 of the companies Act, 1956.
- (b) In view of our comment in paragraph V(a) above, paragraph V(b) of aforesaid order in our opinion not applicable.
- vi) The company has not accepted any deposits from the public within the meaning of Sections 58 A and 58AA of the Companies Act, 1956 and the rules framed there under.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) The maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 for any of the products of the company for the year under review.

RAVILEELA GRANITES LIMITED

- (ix) (a) According to the information and explanations given to us, and according to books and records as produced and examined by us, in our opinion, the Company is not regular in depositing the undisputed statutory dues in respect of Provident fund, income tax, service tax and other material statutory dues as applicable to the company, with the appropriate authorities regularly. There are undisputed amounts payable in respect Provident Fund amounting Rs.21.51 lacs, Tax deducted at source amounting Rs. 22.21 lacs, Service tax amounting to Rs. 1.12 lacs and Professional Tax amounting Rs. 2.60 lacs were in arrears as at balance sheet date for a period of more than six months from the date of they became payable.
- (b) According to the information and explanations given to us, and according to records of the company examined by us, there are no disputed items taxes outstanding as on 31st March, 2006.
- x) The accumulated loss as on 31.03.2006 is more than 50% of the net worth but the company has not incurred any cash loss during the year or in the immediate preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to bank and a financial institution.
- xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion the company is not a chit fund or nidhi /mutual benefit fund/society. Therefore the provisions of Paragraph 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of Paragraph 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) According to information and explanations given to us, the company has not raised any term loans during the year.
- xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that the 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) The company has not issued any debentures during the year and hence the question of creation of security or charge does not arise.
- xx) The company has not raised any money by public issue during the year.
- xxi) During the course of examination, of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of any such case by the management.

Place: Hyderabad
Date : 22.04.2006

**for S.V.RAO ASSOCIATES
Chartered Accountants**

**Sd/-
(S.V.Rao)
Partner
Membership No.23903**

PAVILEELA GRANITES LIMITED**BALANCE SHEET AS AT 31st MARCH, 2006**

| PARTICULARS | SCHEDULE NO. | AS AT 31-03-2006 Rs. | AS AT 31-03-2005 Rs. |
|--|---------------------|---------------------------------|---------------------------------|
| I SOURCES OF FUNDS : | | | |
| SHARE HOLDERS FUNDS : | | | |
| Share Capital | 1 | 101669000 | 101669000 |
| Reserves & Surplus | 2 | 1500000 | 1500000 |
| <u>LOAN FUNDS:</u> | | | |
| Secured Loans | 3 | 131292863 | 93348432 |
| Unsecured loans | 4 | 23933714 | 65777960 |
| | | <u>258395577</u> | <u>262295392</u> |
| II <u>APPLICATION OF FUNDS :</u> | | | |
| <u>FIXED ASSETS:</u> | 5 | | |
| GROSS BLOCK | | 189005449 | 188932607 |
| LESS : DEPRECIATION | | 90667576 | 82532287 |
| NET BLOCK | | <u>98337873</u> | <u>106400320</u> |
| <u>INVESTMENTS</u> | 6 | 15110000 | 22510000 |
| <u>DEFERRED TAX ASSET</u> | | 20132332 | |
| <u>CURRENT ASSETS, LOANS AND ADVANCES</u> | 7 | | |
| a. Inventories | | 62416350 | 60395124 |
| b. Sundry debtors | | 75508771 | 28489452 |
| c. Cash and bank balances | | 6020169 | 4190020 |
| d. Loans & advances | | 39261824 | 90821876 |
| | | <u>183207113</u> | <u>183896472</u> |
| LESS : CURRENT LIABILITIES | 8 | 114580699 | 138226626 |
| NET CURRENT ASSETS | | <u>68626414</u> | <u>45669846</u> |
| Profit & loss a/c | | <u>56188959</u> | <u>87715227</u> |
| | | <u>258395577</u> | <u>262295392</u> |
| NOTES ON ACCOUNTS | 16 | | |

As per our report of even date
for **S.V.RAO ASSOCIATES**
Chartered Accountants

For and On behalf of the Board

Sd/-
(S.V.RAO)
PARTNER

Sd/-
(M. MOHAN REDDY)
DIRECTOR

Sd/-
(P. SRINIVASA REDDY)
MANAGING DIRECTOR

Membership No. 23903
PLACE : HYDERABAD
DATE : 22.04.2006

RAVILEELA GRANITES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 31st MARCH, 2006

| PARTICULARS | SCHEDULE NO. | AS AT 31-03-2006 Rs. | AS AT 31-03-2005 Rs. |
|---|--------------|----------------------|----------------------|
| I. INCOME : | | | |
| Sales | | 183728184 | 154058604 |
| Less Excise Duty | | 242516 | 185757 |
| | | <u>183485668</u> | <u>153872847</u> |
| Other Income | 9 | 71792549 | 1669569 |
| Variation in stocks | 10 | 5147344 | (3143923) |
| | | <u>260425561</u> | <u>152398493</u> |
| II. EXPENDITURE : | | | |
| Materials Consumed | 11 | 88867778 | 73152778 |
| Personnel cost | 12 | 13517411 | 11882737 |
| Manufacturing expenses | 13 | 33525773 | 33064382 |
| Administration and Selling expenses | 14 | 88302316 | 5449715 |
| Financial Charges | 15 | 16307702 | 16711180 |
| Depreciation | 5 | 8135288 | 8394435 |
| | | <u>248656268</u> | <u>148655228</u> |
| Profit/(Loss) for the year | | 11769293 | 3743266 |
| Prior period adjustments | | 306707 | 2403839 |
| Profit/(Loss) for the period after adjustments | | 11462586 | 1339427 |
| Less : Deferred tax | | 4399910 | - |
| Less : Provision for fringe benefit tax | | 68648 | - |
| Profit after tax | | 6994028 | - |
| Loss brought forward | | (63182987) | (89054653) |
| Transferred to Balance Sheet | | (56188959) | (87715227) |
| Earnings per share (EPS) par value | | | |
| Rs.10/- each. Basic/diluted | | 0.69 | 0.13 |
| No of shares used in computing weighted average EPS | | 10166900 | 10166900 |
| Notes on accounts | 16 | | |

As per our report of even date
for **S.V.RAO ASSOCIATES**
Chartered Accountants

For and On behalf of the Board

Sd/-
(S.V.RAO)
PARTNER

Sd/-
(M. MOHAN REDDY)
DIRECTOR

Sd/-
(P. SRINIVASA REDDY)
MANAGING DIRECTOR

Membership No. 23903
PLACE : HYDERABAD
DATE : 22.04.2006

AVILEELA GRANITES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

| PARTICULARS | SCHEDULE No | AS AT | AS AT |
|--|----------------|-------------------|-------------------|
| | | 31-03-2006 Rs. | 31-03-2005 Rs. |
| SHARE CAPITAL | 1 | | |
| Authorized Capital 1,20,00,000 | | | |
| Equity Shares of Rs.10/- each | | 120000000 | 120000000 |
| Issued, Subscribed and Paidup Capital | | | |
| 1,02,15,000 Shares of Rs.10/- each fully called up | | 102150000 | 102150000 |
| Less : Calls in arrears | | 481000 | 481000 |
| 96200 shares of Rs.5/-(partly paid) each | | | |
| | | <u>101669000</u> | <u>101669000</u> |
| RESERVES AND SURPLUS | 2 | | |
| Capital Reserve | | | |
| State subsidy | | 1500000 | 1500000 |
| | | <u>1500000</u> | <u>1500000</u> |
| SECURED LOANS | 3 | | |
| Term Loans : | | | |
| from APSFC | | 0 | 84300 |
| from SBI - FITL | | 9494829 | 14652154 |
| from SBH | | 12164813 | 14036004 |
| from SBI - WCTL | | 13850734 | 17800000 |
| Working Capital Loans : | | | |
| Bill Discounting SBI | | 58105329 | 9075924 |
| Export packing credit | | 37677159 | 37700050 |
| | | <u>131292863</u> | <u>93348432</u> |
| UNSECURED LOANS | 4 | | |
| From Directors | | 0 | 877120 |
| From Others | | 23933714 | 64900840 |
| | | <u>23933714</u> | <u>65777960</u> |

SCHEDULE 5 : FIXED ASSETS YEAR 2005 - 06

(Amount in Rs.)

| SL. NO. | NAME OF ASSET | GROSS BLOCK | | DEPRECIATION | | | NET BLOCK | | |
|---------|----------------------|---------------------|-----------------------|-------------------|-------------------|----------------|-------------------|-------------------|--------------------|
| | | AS AT 01/04/2005 | ADDITIONS 31/03/06 | AS AT 31/03/06 | UPTO 01/4/2005 | FOR 2005-06 | UP TO 31/03/06 | AS AT 31/03/06 | AS AT 31/3/2005 |
| | LAND | 271143 | 0 | 271143 | 0 | 0 | 0 | 271143 | 271143 |
| | BUILDINGS | 30185416 | 0 | 30185416 | 10046246 | 1008193 | 11054439 | 19130977 | 21147363 |
| | QUARRIES | 5486693 | 0 | 5486693 | 0 | 0 | 0 | 5486693 | 5486693 |
| 4 | PLANT & MACHINERY | 148379176 | 72842 | 148452018 | 68530729 | 7051471 | 75582200 | 72869818 | 86896458 |
| 5 | PUMP SETS | 443946 | 0 | 443946 | 233156 | 21087 | 254243 | 189703 | 231878 |
| 6 | OFFICE EQUIPMENT | 730337 | 0 | 730337 | 356387 | 34691 | 391078 | 339259 | 373950 |
| 7 | COMPUTERS | 665089 | 0 | 665089 | 665089 | 0 | 665089 | 0 | 0 |
| 8 | VEHICLES | 2457281 | 0 | 2457281 | 2457281 | 0 | 2457281 | 0 | 0 |
| 9 | FURNITURE & FIXTURES | 313527 | 0 | 313527 | 243400 | 19846 | 263246 | 50281 | 70127 |
| | | <u>188932807</u> | <u>72842</u> | <u>189005449</u> | <u>82532288</u> | <u>8135288</u> | <u>90667576</u> | <u>98337873</u> | <u>114477611</u> |
| | PREVIOUS YEAR | 189183847 | 405570 | 189589417 | 66396845 | 8397817 | 74784862 | 114794755 | 131187966 |

RAVILEELA GRANITES LIMITED

| PARTICULARS | SCHEDULE No | AS AT | AS AT |
|---|----------------|-------------------|-------------------|
| | | 31-03-2006 Rs. | 31-03-2005 Rs. |
| INVESTMENTS (Long Term-Non Trade) | 6 | | |
| Quoted Investments : | | | |
| Ravileela Dairy Products Ltd (Aggregate market value is Nil) | | 7280000 | 7280000 |
| Less : Permanent diminution of investments | | (7280000) | |
| B2B Software Technologies Ltd (Aggregate Market value of Rs. 15533080) | | 15110000 | 15110000 |
| Un Quoted Investments : | | | |
| Futura Leasing & Finance Pvt Ltd | | 120000 | 120000 |
| Less : Permanent diminution of investments | | (120000) | |
| | | <u>15110000</u> | <u>22510000</u> |
| CURRENT ASSETS, LOANS & ADVANCES | 7 | | |
| A. INVENTORIES | | | |
| (As Certified by management) | | | |
| a) Raw material | | 12195420 | 14004716 |
| b) Work-in-Progress | | 37371526 | 29718525 |
| c) Finished Goods | | 4518718 | 7024375 |
| d) Stores and spare parts | | 8330686 | 9647508 |
| | | <u>62416350</u> | <u>60395124</u> |
| B. SUNDRY DEBTORS | | | |
| (Unsecured, considered good) | | | |
| Outstanding for more than six months | | 6487749 | 11496006 |
| Other debts | | 69021022 | 16993446 |
| | | <u>75508771</u> | <u>28489452</u> |
| C. CASH AND BANK BALANCES | | | |
| Cash in hand | | 3578655 | 1594628 |
| Balances with Schedule Banks in Current Accounts | | 13948 | 22145 |
| Margin money deposit | | 2427565 | 2573247 |
| | | <u>6020169</u> | <u>4190020</u> |
| D. LOANS & ADVANCES | | | |
| (unsecured, considered good, recoverable in cash or in kind or value to be received) | | | |
| Deposits | | 3348764 | 4896049 |
| VAT Receivable | | 4650282 | 0 |
| Advance for purchases | | 8710916 | 36251736 |
| Other advances | | 22551862 | 49674090 |
| | | <u>39261824</u> | <u>90821875</u> |
| TOTAL CURRENT ASSETS | | 183207113 | 183896471 |
| CURRENT LIABILITIES & PROVISIONS: | 8 | | |
| A. Current Liabilities : | | | |
| Creditors for Purchases | | 18773607 | 18888517 |
| Creditors for expenses | | 18130658 | 25547709 |
| Advance against sales | | 77232588 | 90753037 |
| S B I Current account | | 3939 | 3037363 |
| (TOD on account of un drawn cheques) | | | |
| | | <u>114140792</u> | <u>138226626</u> |
| B. Provisions : | | | |
| Provision for Gratuity | | 371259 | Nil |
| Provision for Fringe Benefit Tax | | 68648 | Nil |
| | | <u>439907</u> | <u>0</u> |
| TOTAL (A+B) | | 114580699 | 138226626 |

PAVILEELA GRANITES LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

| PARTICULARS | SCHEDULE No | As At | As At |
|--|----------------|-------------------|-------------------|
| | | 31-03-2006 Rs. | 31-03-2005 Rs. |
| OTHER INCOME | 9 | | |
| Incentives Recd. On Power Consumption | | 527401 | 587337 |
| Interest Recd. on ACD - Gross (TDS Rs.23588) (Previous year 23588, Current year Rs.25313) | | 112805 | 112805 |
| CST Reimbursement | | 1982675 | 892156 |
| Commission On B/L's | | 1726 | 39932 |
| Forex Fluctuations | | 19653 | 37339 |
| VAT Refund | | 4650282 | - |
| Write Back Parties | | 64498007 | |
| | | <u>71792549</u> | <u>1669569</u> |
| VARIATION OF STOCK OF FINISHED GOODS | 10 | | |
| Closing stock of | | | |
| Work-in-Progress | | 37371526 | 29718525 |
| Finished Goods | | 4518718 | 7024375 |
| | | <u>41890244</u> | <u>36742900</u> |
| Opening stock of | | | |
| Work-in-Progress | | 29718525 | 29710104 |
| Finished Goods | | 7024375 | 10176719 |
| | | <u>36742900</u> | <u>39886823</u> |
| INCREASE / (DECREASE) IN STOCKS | | 5147344 | (3143923) |
| MATERIALS CONSUMED | 11 | | |
| RAW MATERIAL | | | |
| Opening stock | | 14004716 | 6634772 |
| Add : Purchases | | 85139204 | 79011656 |
| | | <u>99143920</u> | <u>85646428</u> |
| Less : Closing stock | | 12195420 | 14004716 |
| RAW MATERIAL CONSUMED | | <u>86948500</u> | <u>71641712</u> |
| Packing Material Consumed | | 1919278 | 1511066 |
| | | <u>88867778</u> | <u>73152778</u> |
| PERSONNEL COST | 12 | | |
| Salaries, wages & bonus | | 12112567 | 10398898 |
| Contribution to Provident fund and other funds | | 1155663 | 1046544 |
| Staff welfare | | 249181 | 437295 |
| | | <u>13517411</u> | <u>11882737</u> |
| MANUFACTURING EXPENSES | 13 | | |
| Consumables consumed | | 20096144 | 18973481 |
| Factory Repairs & Maintenance | | | |
| - Building | | 0 | 229104 |
| - Plant & Machinery | | 3721918 | 4050354 |
| Power & Fuel | | 9707711 | 9811443 |
| | | <u>33525773</u> | <u>33064382</u> |

RAVILEELA GRANITES LIMITED

| PARTICULARS | SCHEDULE No | AS AT | AS AT |
|---|------------------------|---------------------------|---------------------------|
| | | 31-03-2006 Rs. | 31-03-2005 Rs. |
| <u>ADMINISTRATIVE AND SELLING EXP.</u> | 14 | | |
| Rent | | 132000 | 135500 |
| Rates & Taxes | | 327915 | 255504 |
| Travelling Expenses & Conveyance | | 290616 | 332274 |
| Printing & Stationary | | 80578 | 80947 |
| Postage & Telephones | | 343600 | 401330 |
| Vehicle Maintenance | | 273535 | 257432 |
| Office Maintenance | | 158534 | 193407 |
| Security Services | | 241824 | 247341 |
| Filing Fee | | 1550 | 6000 |
| Auditors remuneration | | | |
| As auditors | | 67344 | 66120 |
| For tax matters | | 16836 | 16530 |
| For expenses | | 3521 | 2985 |
| Rebates and discounts | | 1309885 | 562244 |
| Consultancy Charges | | 1285964 | 602404 |
| Insurance | | 813888 | 268648 |
| Carriage outwards | | 3745534 | 1608858 |
| Bad debts written off | | 7872882 | 0 |
| Provision for permanent diminution of Investments | | 7400000 | 0 |
| Misc. expenses | | 63936310 | 412192 |
| | | <u>88302316</u> | <u>5449715</u> |
| <u>FINANCIAL CHARGES</u> | 15 | | |
| Interest on | | | |
| Fixed loans | | 4138861 | 6183034 |
| Other loans | | 10753657 | 9042079 |
| Bank charges | | 1415184 | 1486067 |
| | | <u>16307702</u> | <u>16711180</u> |

AVILEELA GRANITES LIMITED

SCHEDULE 16: NOTES FORMING PART OF THE ACCOUNTS

1. ACCOUNTING POLICIES & STANDARD :

a) Basis of Presentation :

The financial statements of the Company are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles applicable in India and the relevant provisions of the Companies Act, 1956.

The preparation of the financial statements in conformity with the relevant accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

b) Fixed Assets : Fixed assets are capitalised at cost inclusive of Legal, installation and other allowable expenses.

Fixed assets are valued at Cost less accumulated depreciation.

c) Inventories :

i) Raw material, Stores and Spare parts and work in progress are valued at cost. Cost is determined on first in first out basis.

ii) Finished goods are valued at lower of cost or net realisable value.

d) Depreciation has been provided on the Straight Line method at the rates specified in Schedule XIV to the Companies Act 1956. In the absence of details like life of the mines and their potentiality, no depreciation is provided on capitalized cost of quarries and mines.

In case of additions during the year, depreciation is provided on prorata basis.

e) Investments being long term in nature are stated at cost. Permanent diminution, if any has been provided.

f) Borrowing Costs : The interest on working capital management is charged to revenue account for the year in which it is incurred. Interest on borrowings for capital assets is capitalized till the date of commencement of commercial use of the asset.

g) Retirement Benefits: Liability in respect of gratuity is accounted on accrual basis. Fixed contribution to Provident Fund and cost of other benefits are recognized in the accounts on actual cost to the company.

h) Foreign Currency Transactions : Export sales are accounted at the exchange rate prevailed on the date of sale. The gain/loss arising out of foreign exchange fluctuations on sales are charged to revenue account.

i) Earnings per share : The basic and diluted earnings per share is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. Refer below note no : 7

j) Leasing : The Company has taken building on operating lease. The lease payments have been charged to Profit & loss account considering the lease arrangements are in the nature of operating lease as defined by AS 19. Details are given in note no. 8

k) Taxes on Income

a. No Provision for IT made for current year in accounts, as there is no taxable income.

b. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Current taxes are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are measured using tax rates that have been enacted or subsequently enacted by the balance sheet date. The measurement of deferred tax assets if necessary by a valuation allowance for any tax benefit for which it is more likely than not that some portion or all such benefits will not be realized Details as per Note No.9.

l) Preliminary expenses : Preliminary expenses and public issue expenses have been amortized at the rate of 10% on total expenditure.

2. SECURED LOANS :

a. Term Loan with State Bank of India secured by Land admeasuring 5 Acres situated at Sampannabolu Village, Shameerpet Manadal in Survey No.203 together with Buildings constructed thereon and by hypothecation of Plant & Machinery and second charge

RAVILEELA GRANITES LIMITED

- on Book Debts and other current assets pari passu with State Bank of Hyderabad and the Loan is further guaranteed by promoter directors in their personal capacity.
- b. (i) Term Loan with State Bank of Hyderabad secured by Land admeasuring 5 Acres situated at Sampannabolu Village, Shameerpet Mandal in Survey No.203 together with Buildings constructed thereon and by hypothecation of Plant & Machinery and second charge on Book Debts and other current assets on pari passu with State Bank of India.
- (ii) During the year the Company has entered into a compromise arrangement with State Bank of Hyderabad and the loan has been rescheduled but it has no financial impact on the Company.
- c. The Export packing credit and Bill Discounting facilities amounting to Rs.1075.00 lacs with SBI secured by First charge on all movable assets of the company including raw materials, stock in progress, finished goods, consumables, book debts and other receivables.
3. Balance of Sundry Debtors and Sundry Creditors are subject to confirmation.
4. The Company has written back and credited to profit and loss account Rs.644.98 lacs certain credit balance stating that they are not repayable in opinion of management.
5. On account of revival measures taken by the management and based on the opinion of a technical expert, the management is of the opinion that provision for impairment of Assets is not required.
6. Miscellaneous expenses debited to profit and loss account includes Rs.637.95 lacs debit balances written off during the year.
7. Earnings per share :
- | | March 31,2006 | March 31,2005 |
|--|---------------|---------------|
| Profit computation for both Basic and Diluted earnings per share | Rs. | Rs. |
| Net Profit/(Loss) as per Profit & Loss A/c | 6994028 | 1339426 |
| Weighted average No. of Equity shares Outstanding | 10166900 | 10166900 |
| Basic and diluted earnings per share in Rupees of face value Rs.10/- | 0.69 | 0.13 |
8. Leasing :
- a. The details of future minimum lease payments for each of the following periods are as follows:
- | | |
|---|-----|
| 1. Not later than one year | Nil |
| 2. Later than one year and not later than 5 years | Nil |
| 3. Later than 5 years | Nil |
- b. The lease payments recognized in profit & loss account 1,32,000
- c. General description of lease terms.
- i. Lease rentals are paid on basis of agreed terms.
- ii. Buildings are taken on lease for a period of 11 Months.
9. i) Components of deferred tax : (Rs. in lacs)
- | | As on 31.03.06 | As on 31.03.05 |
|--|----------------|----------------|
| A. Deferred Tax Liability Depreciation | 246.97 | 265.07 |
| B. Deferred Tax Asset | | |
| Expenditure disallowable | 104.33 | 60.43 |
| Unabsorbed Business Loss | 134.33 | 240.32 |
| Unabsorbed Depreciation | 209.63 | 209.63 |
| Total | 448.29 | 510.39 |
| Deferred Tax Asset (Net) | 201.32 | 245.32 |
- ii) Deferred Tax Asset for the transitional period has been adjusted against the brought forward balance in profit and loss account by Rs.245.32 lacs. Hence, the brought forward balance in P & L account has been reduced from 877.15 lacs to 631.83 lacs.

RAVILEELA GRANITES LIMITED

10. Related party disclosures

Disclosures as required by the accounting standard 18 "Related Party disclosures" are given below :

a. Names of related parties

i) Associate Companies

1) Ravileela Dairy Products Ltd

ii) Enterprises in which Key Management Personnel have significant influence

1) Futura Leasing & Finance Pvt Ltd

iii) Key management personnel

1) P Srinivasa Reddy, Managing Director

2) D Surendranath Reddy, Director

3) M Mohan Reddy, Director

iv) Relatives of key managerial personnel

1) P Ravindra Reddy

2) P Samantha Reddy

b. Transaction with related parties during the financial year and outstanding balances as on 31.03.06.

| Nature of Transaction | Associated Companies | Enterprises in which key management Personnel have Significant influence | Key management persons | Relatives key management persons |
|-------------------------|----------------------|--|------------------------|----------------------------------|
| Loans repaid | - | - | - | 153.89 |
| Loan Received | - | - | - | 44.19 |
| Managerial remuneration | - | - | 4.80 | - |
| Outstandings | NIL | | | |

Note : The loans have been written back and credited to profit and loss account.

11. Loans & Advances and Debtors

a. Loans to Companies in which the Directors are interested Rs.305.26 lacs (the amount has been written off and debited to profit and loss account).

12. As regards to compliance of provisions relating to the dues to the small scale industries, in terms of the Companies (Amendment) Act, 1999, the Company has sent letters to the creditors to confirm whether they are Small Scale Industrial Units. The Company is yet to receive confirmations from them. Hence, the company could not quantify the dues, if any to the SSI Units.

13. Information pursuant to Paragraphs 3 and 4 of

Part II Schedule VI to the Companies Act 1956.

| | | 2005-06 | 2004-05 |
|---------------------------------|-----|---------------|---------------|
| a) Managerial Remuneration | | 4,80,000 | 4,80,000 |
| b) Installed Capacity | Sqm | 1,55,400 | 1,55,400 |
| c) Production intended for sale | | | |
| Tiles | Sft | 0 | 0 |
| Slabs | Sft | 8,78,097 | 7,01,010 |
| d) Sales Quantity | | (Rs. in lacs) | (Rs. in lacs) |
| Raw baby blocks | Nos | 34 | 0 |
| Value | Rs. | 0.34 | 0 |
| Finished Granites manufactured | Sft | | |
| Tiles | Sft | 0 | 9,287 |
| Slabs | Sft | 8,87,652 | 7,09,428 |
| Value | Rs. | 1,837.28 | 1,540.59 |

RAVILEELA GRANITES LIMITED

| | | | | |
|-----|---|---------------|------------|---------------|
| e) | Closing Stock of finished goods & WIP (As certified by the Management) | | | |
| i) | Finished Granite | | | |
| | Tiles quantity | Sft | 5,139 | 5,139 |
| | Value | Rs. | 7.19 | 7.19 |
| | Slabs quantity | Sft | 19,103 | 28,659 |
| | Value | Rs. | 37.99 | 63.05 |
| ii) | Semi-finished | | | |
| | Quantity | Sft | 2,17,620 | 1,98,124 |
| | Value | Rs. | 373.72 | 297.19 |
| f) | Opening stocks of Finished goods & WIP | | | |
| i) | Finished Granite | | | |
| | Quantity | Sft | 28,659 | 51,504 |
| | Value | Rs. | 63.05 | 101.77 |
| ii) | Semi-finished | | | |
| | Quantity | Sft | 1,98,124 | 1,98,067 |
| | Value | Rs. | 297.19 | 297.10 |
| g) | Materials consumed | | | |
| | Raw blocks | Nos | 0 | 120 |
| | Quantity | Cbm | 2,907.066 | 3,144.749 |
| | Value | Rs. | 869.49 | 716.42 |
| h) | Value of imports calculated on CIF basis | | | (Rs. In lacs) |
| | Consumables | Rs. | 103.65 | 119.00 |
| i) | Expenditure in foreign currency during the financial year on account of | | | |
| | Technical know how fee | Rs. | Nil | Nil |
| j) | Consumptions : | | | |
| | Raw material | | | |
| | | Amount | % | Amount |
| | | Rs. | | Rs. |
| - | Indigenous | 869.49 | 100 | 716.42 |
| - | imported | Nil | | Nil |
| | Stores and spares | | | |
| - | Indigenous | 97.03 | 48 | 70.73 |
| - | imported | 103.65 | 52 | 119.00 |
| | | <u>200.68</u> | <u>100</u> | <u>189.73</u> |
| | | | | <u>100</u> |
| k) | Exports : | | | |
| | FOB VALUE | Rs. | 819.46 | 273.90 |
| l) | Contingent liability on account of | | | |
| | Letters Of Credit | Rs. | 101.12 | 93.13 |
| m) | Other receipts includes Rs.19,653/- earnings on account of foreign exchange fluctuations. | | | |

SIGNATURES TO SCHEDULES 1 TO 16

As per our report of even date

For and On behalf of the Board

for **S.V.RAO ASSOCIATES**

Chartered Accountants

Sd/-

(S.V.RAO)

PARTNER

Membership No.23903

PLACE : HYDERABAD

DATE : 22.04.2006

Sd/-

(M. MOHAN REDDY)

DIRECTOR

Sd/-

(P. SRINIVASA REDDY)

MANAGING DIRECTOR

PAVILEELA GRANITES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Statement pursuant to part of IV of Schedule VI to the Companies Act 1956)

Amount in Rs.Thousands

I REGISTRATION DETAILS

Registration No. **01-11909** State Code **01**
 Balance Sheet Date **31-03-2006**

II CAPITAL RAISED DURING THE YEAR

Public Issue **NIL** Rights Issue **NIL** Bonus Issue **NIL** Private placement **NIL**

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

TOTAL LIABILITIES **258396** TOTAL ASSETS **258396**

SOURCES OF FUNDS

Paid up Capital 101669
 Reserves & Surplus 1500
 Secured Loans 131293
 Unsecured Loans 23934
TOTAL LIABILITIES 258396

APPLICATION OF FUNDS

Net Fixed Assets 98338
 Investments 15110
 Net Current Assets 68627
 Deferred Tax Asset 20132
 Miscellaneous Expenditure 0
 Profit & loss a/c 56189
TOTAL ASSETS 258396

IV PERFORMANCE OF COMPANY

TOTAL TURNOVER 260426
TOTAL EXPENDITURE 253432
 Profit / (loss) before tax 6994
 Profit / (loss) after tax 6994
 Earning per Share in Rs. 0.69
 Dividend Rate N A

V Generic Norms of Three Principal Products / Services of Company (as per Monetary Terms)

PRODUCT ITEM CODE NO
 POLISHED GRANITES
 SLABS
 MONUMENT MARKERS

For and On Behalf of the Board

Sd/- Sd/-
(M. MOHAN REDDY) (P.SRINIVAS REDDY)
 DIRECTOR MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 22.04.06

RAVILEELA GRANITES LIMITED**CASH FLOW STATEMENT**

(Rs. in lakhs)

| | PARTICULARS | 31-03-2006 | 31-03-2005 |
|----------|--|-------------------|-------------------|
| A | <u>CASH FLOW FROM OPERATING ACTIVITIES</u> | | |
| | Net Profit/(loss) before tax and extraordinary items | 117.69 | 37.43 |
| | Adjustments for : | | |
| | Miscellaneous expenses written off | - | - |
| | Depreciation | 81.35 | 83.94 |
| | Foreign Exchange | - | - |
| | Provision in Diminution In Value of Investments | 74.00 | - |
| | Interest / Dividends | 163.08 | 167.11 |
| | OPERATING PROFIT BEFORE W/C CHANGES | 436.12 | 288.48 |
| | Adjustments for : | | |
| | (Increase)/Decrease Trade and other Receivables | 45.40 | 384.93 |
| | (Increase)/Decrease Inventories | (20.21) | (57.31) |
| | (Decrease)/Increase Trade Payables | (237.15) | 65.55 |
| | Cash generated from Operations | 224.16 | 681.65 |
| | Interest Paid | (163.08) | (167.11) |
| | Cash Flow Before extraordinary items | 61.08 | 514.54 |
| | Extraordinary Items | (3.07) | (24.03) |
| | CASH FLOW FROM OPERATING ACTIVITIES | 58.01 | 490.51 |
| B | <u>CASH FLOW FROM INVESTING ACTIVITIES</u> | | |
| | Purchase of Fixed Assets(incl. exchange fluctuations) | 0.72 | - |
| | Sale of Fixed Assets | - | - |
| | Decrease in Capital Works | - | - |
| | Purchase of Investments | - | - |
| | Dividend Received | - | - |
| | NET CASH USED IN INVESTING ACTIVITIES | 0.72 | - |
| C | <u>CASH FLOW FROM FINANCING ACTIVITIES</u> | | |
| | Proceeds from issue of Share Capital | - | - |
| | Proceeds from Long Term Borrowings | (38.99) | (479.45) |
| | Repayment of finance lease liabilities | - | - |
| | Dividends paid | - | - |
| | NET CASH USED IN FINANCING ACTIVITIES | (38.99) | (479.45) |
| | NET INCREASE IN CASH AND CASH EQUIVALENT | 18.30 | 11.06 |
| | Opening Balance | 41.90 | 30.84 |
| | Closing Balance | 60.20 | 41.90 |

For and On Behalf of the Board

Sd/- Sd/-
(M. MOHAN REDDY) **(P.SRINIVASA REDDY)**
 DIRECTOR MANAGING DIRECTOR

AUDITOR'S CERTIFICATE

We have verified the above Cash Flow Statement of M/s.RAVILEELA GRANITES LTD., derived from Audited Financial Statements for the year ended 31st March,2006 and found the same in accordance there with, and also with the requirement of clause 32 of the Listing agreement with Stock Exchanges.

For **S V RAO ASSOCIATES**

Chartered Accountants

Sd/-

S V RAO

PARTNER

Membership no.23903

PLACE : HYDERABAD

DATE : 22.04.06



RAVILEELA GRANITES LIMITED

REGD.OFFICE : Sy. NO 203, SAMPANNABOLU VILLAGE,
SHAMEERPET MANDAL, R.R.DISTRICT.

ATTENDANCE SLIP

Name of the Shareholder/Proxy* Folio No. No. of Shares held

I hereby record my presence at the 16th Annual General Meeting held at Survey No.203, Sampannabolu Village, Shameerpet Mandal, R.R.District. (A.P) on Monday, 25th September, 2006, at 2.00 P.M.

SIGNATURE OF THE SHAREHOLDER/PROXY

*Strike out whichever is not applicable

Note: Please handover the slip at the entrance of the Meeting venue.



RAVILEELA GRANITES LIMITED

REGD.OFFICE : Sy. NO 203, SAMPANNABOLU VILLAGE,
SHAMEERPET MANDAL, R.R.DISTRICT.

PROXY FORM

I/We _____ of _____ in the district of _____ being a Member(s) of the above named Company hereby appoint* _____ of _____ or failing him/her _____ of _____ in the district of _____ of my/our proxy to attend and vote for me/us on my/our behalf at the 16th Annual General Meeting of the Company to be held on Monday, 25th September, 2006, at 2.00 P.M. at Regd. Office: Sampannabolu Village, Shameerpet Mandal, R.R. District, and at any adjournment thereof.

Signed at _____ this _____ day of _____ 2006.

Folio No.

Signature



Number of Shares held:

- Notes:
1. The proxy need not be a member
 2. The form of proxy, duly signed across 0.15 NP revenue stamp should reach the Company, not less than 48 hours before the time fixed for the meeting.

**BOOK - POST
PRINTED MATTER**



If undelivered please return to :

RAVILEELA GRANITES LIMITED

Plot No.10, Gruhalaxmi Colony
(R&D Colony) Karkhana,
Secunderabad - 500 015.