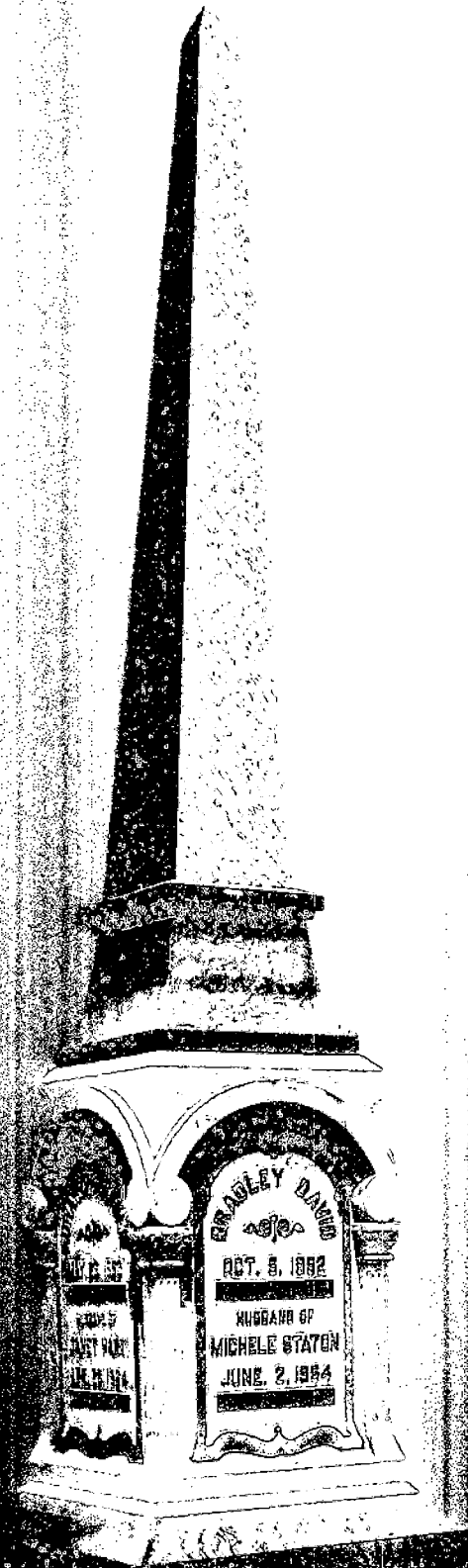


ANNUAL REPORT 2007-08



Milestone Global Limited

BOARD OF DIRECTORS

Mr. Alok Krishna Agarwal
Mr. Sunil Kumar Agarwal
Mr. Fiaz Ahmed
Mr. Rajeev Kapoor
Mr. Naveen Chawla
Mr. Shashank Kumar

Chairman
Managing Director
Whole Time Director
Independent Director
Independent Director
Independent Director

COMPANY SECRETARY

D. Durga Prasad

AUDITORS

M/s P.L Tandon & co.

REGISTERED OFFICE AND WORKS

54-B, Hoskote Industrial Area (KIADB)
Chintamani Road
Hoskote -562 114
Karnataka

R&T AGENT

Kirloskar Computer services Ltd
412 &415, 10th Cross, 5th Main
RMV 2nd Stage
Bangalore-560094

BANKERS

State Bank of India
Overseas Branch
No. 65, St. Marks Road
Almas Centre, MG. Road
Bangalore-560001

Allahabad Bank
K.G. Road Branch
No. 2, K.G. Road
Bangalore -560009

BOARD COMMITTEES

Audit Committee

Mr. Rajeev Kapoor
Mr. Naveen Chawla
Mr. Alok Krishna Agarwal

Chairman
Member
Member

Remuneration Committee

Mr. Naveen Chawla
Mr. Alok Krishna Agarwal
Mr. Shashank Kumar

Chairman
Member
Member

Share Transfer/Investors Grievance Committee

Mr. Alok Krishna Agarwal
Mr. Shashank Kumar
Mr. Fiaz Ahmed

Chairman
Member
Member

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NOTICE OF 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING OF members of the Company will be held on, Saturday 27th September, 2008 at 10.00A.M at the Registered Office of the Company at 54-B, Hoskote Industrial Area (KIADB), Chintamani Road, Hoskote – 562114, Karnataka, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2008 and the Balance Sheet as on that date and to consider the reports of the Board of Directors and auditors thereon.
2. To re- appoint Mr. Rajeev Kapoor, who retires by rotation and being eligible offers himself for re- appointment.
3. To re- appoint Mr. Naveen Chawla, who retires by rotation and being eligible offers himself for re- appointment.
4. To appoint an Auditor and fix his remuneration, M/s P L Tandon & Co, retire at the ensuing AGM and being eligible offer themselves for re- appointment.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification (s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to Sections 198, 269, 309, 310, read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 the consent of members be accorded to re-appointment of Mr. Sunil Kumar Agarwal as Managing Director of the Company for a period of 5 (Five) years with effect from 28 June 2008 to 27th June 2013.

RESOLVED further that Mr. Sunil Kumar Agarwal, Managing Director be paid a remuneration as set out below for first 3 (Three) years of tenure with effect from 28th June 2008 to 27th June 2011 as per recommendation of the remuneration committee.

- A) i. **Basic Salary:** Rs 60,000/- (Rupees Sixty Thousand Only) per month.
- ii. **Perquisites and Allowances:** In addition to the above Basic Salary he shall be entitled to the following Perquisites and Allowances:
1. **Residential Accommodation:** The appointee shall be entitled to House Rent Allowance of rupees Rs. 15000/- per month.
 2. **Medical Reimbursement:** Reimbursement of actual Medical expenses incurred by the appointed and his family.
 3. **Club Fees:** Actual fees of clubs will be reimbursed.
 4. **Personal Accident Insurance:** Actual premium to be paid by the Company.
 5. **Insurance of House- Hold Goods:** Actual Premium to be paid by the Company.
 6. **Car:** Facility of Car with driver to be used for the business of the Company.
 7. **Telephone:** Free telephone facility at residence to be used for the business of the Company.
 8. **Leave:** One month's leave with full salary for every 11 months of service subject to the condition that leave accumulated but not availed may be encashed at the discretion of the Board.
 9. **Re- Imbursement of expenses:** Reimbursement of entertainment, traveling, hotel and other expenses actually incurred for the business of the Company.
- B) **Minimum Remuneration:** If in any financial year during first three years of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the appointee shall be entitled to minimum remuneration by way of basic salary, perquisites, allowances, not exceeding the ceiling limit of Rs 14,40,000/- per annum or Rs.1,20,000/- per month. Apart from above ceiling the Managing Director shall also be eligible to the following perquisites:

- (a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961,
- (b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- (c) encashment of leave at the end of the tenure.

However the appointee shall not be entitled to any sitting fee for attending meeting of the Board and / or Committee of Director.

6. To consider and if thought fit, to pass, with or without modification (s), the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to Sections 198, 269, 309, 310, read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 in partial modification of resolution passed by members at 17th Annual General Meeting held on 28th September 2007, the consent of members be accorded to revision of remuneration payable to Mr. Fiaz Ahmed, Whole Time Director of the Company with effect from 1st October 2008 for remaining tenor as follows as recommended by the Remuneration committee.

1. Monthly Salary of Rs. 20,000/-

Apart from above the Whole Time Director shall also be eligible to the following perquisites:

- (a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961,
- (b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- (c) encashment of leave at the end of the tenure.

However the appointee shall not be entitled to any sitting fee for attending meeting of the Board and / or Committee of Director.

BY ORDER OF THE BOARD
D. DURGA PRASAD.
COMPANY SECRETARY

Place: Hoskote
Date: 28-06-2008

NOTES:

1. MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Members are requested to inform the Company's Registrar and Share Transfer Agents viz., Kirloskar Computer Services Limited, the changes, if any, in their registered addresses.
4. Members are requested to bring their copies of Annual Report with them to the Annual General Meeting.
5. The Register of Members and Transfer books of the Company will be closed from 25th September to 27th September 2008(both days inclusive)
6. Re-appointment of Directors:
 - a.) Mr. Rajeev Kapoor is a Chartered Accountant by profession. He is a fellow member of the Institute of Chartered Accountants of India and has more than 10 years of rich experience as a Chartered Accountant in finance operations covering Finance Planning & Analysis, corporate restructuring, Mergers & amalgamation and Taxation. His vast

experience in the finance line would be of great help in framing the Company's financial strategies. It is felt confident that his induction in the Board as a Director will benefit your Company.

- b) Mr. Naveen Chawla aged 33 years is lawyer by profession and is currently an advocate of the Supreme Court of India. He has got vast experience in the legal field and therefore your directors feel that his induction in the Board as a Director will benefit your Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 5

Mr. Sunil Kumar Agarwal aged 42 years is an Engineer (Computer Science) possesses 18 years of experience in the field of Granite Industry. He has been working for the Company since inception of the Company as Director and Managing Director.

His current tenor was expired on 28th June 2008. He was reappointed as Managing Director by the Board for further period of 5 years with effect from 28th June 2008. The remuneration payable for the first 3 years of tenor to him was approved by the Remuneration Committee. Payment of remuneration to Mr. Sunil Kumar Agarwal is within the ceilings prescribed under Schedule XIII of the Companies Act, 1956 hence no approval of Central Govt. is required.

As per section 269 read with schedule XIII of the Companies Act, 1956, the approval of shareholders is required for reappointment and payment of remuneration to the Managing Director.

Hence the Board commends the resolution set out in the item no. 5 for your approval.

None of the directors, except Mr. Sunil Kumar Agarwal is directly or indirectly interested in the above resolution.

Item No. 6

Mr. Fiaz Ahmed aged 58 has been employee of the Company since its inception and has an experience of more than 21 years in the granite industry. Since 3rd March 2007 he has been working as whole-time director cum "Occupier" under Factories Act, such other acts. Considering his contribution to the Company it is felt to remunerate him appropriately. Payment of remuneration to Mr. Fiaz Ahmed was recommended by the remuneration committee. Remuneration payable to Mr. Fiaz Ahmed is within the ceilings prescribed under Schedule XIII of the Companies Act, 1956 hence no approval of Central Govt. is required.

As per section 269 read with schedule XIII of the Companies Act, 1956, the approval of shareholders is required for payment of revised remuneration to the Whole-time Director.

The Board commends the resolution set out in the item no.6 for your approval.

None of the directors, except Mr. Fiaz Ahmed is directly or indirectly interested in the above resolution.

BY ORDER OF THE BOARD

D. DURGA PRASAD

COMPANY SECRETARY

Place: Hoskote

Date: 28-06-2008

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors take great pleasure in presenting their report along with audited accounts for the year ended 31st March 2008.

1. FINANCIAL RESULTS

The Company's financial results for the year 31st March 2008 vis-à-vis the previous year ended 31st March 2007 are as follows:

(Rs. In Lakhs)

		2007-08	2006-07
1	Sales Turnover	1009.73	1128.96
2	Profit before depreciation and tax	78.07	81.65
3	Depreciation	77.03	80.58
4	Profit(loss)before Tax and other income	1.04	1.07
5	Provision of Excess provision of tax will be writenable	5.42	-
6.	Provision for Taxation		
	a) Current Tax	(5.75)	(4.80)
	b) Deferred Tax	8.38	(1.11)
	c) fringe Benefit Tax	(3.00)	(1.90)
7	Net Profit (Loss) after tax	6.10	(6.74)
8	Basic and diluted EPS Rs.	0.12	(0.13)

2. REVIEW OF PERFORMANCE

During the year under a review, the Company made a total turnover of Rs.1009.73 Lakhs as against Rs. 1128.96 Lakhs previous year. The entire turnover was achieved from exports since your Company is a 100% export oriented unit. Despite of decrease in the turnover the Company could record a net profit after tax of Rs. 6.10 Lakhs as against a loss of Rs. 6.74 Lakhs.

Your Company could not show the growth the year under review. Main Reason for the decrease in sale turnover could be attributed to the depreciation of value of US dollar against the rupee. As a counter mechanism to reduce risk the Company took appropriate measures to reduce the risk, like billing the customers on FOB basis rather are basis etc. However during the current year the steep raise of US dollar against the rupee, may pave the way to record the growth in the turnover. Further your directors are confident to maximize the wealth of the shareholders in the coming years because the Company is focusing on direct retail marketing. After successful penetration of retails market at UK now it is intended to extend the same module of business in the other countries. Your directors are confident of higher growth in the coming years.

3. DIVIDEND

In order to conserve internal resources for further intended direct retail marketing activities, your directors are unable to declare any dividend. No fund was transferred to reserves.

5. FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year under review and, as much, no amount of principal or interest outstanding on the date of the Balance Sheet.

6. DIRECTORS

From last annual general meeting there is no change in the composition of Board. However, Mr. Sunil Kumar Agarwal was reappointed as Managing Director on 28th June 2008 for further period of 5 years. For reappointment and payment of remuneration to Managing Director a resolution for approval of shareholder has been placed in notice of ensuing annual general meeting.

During the year Mr. Rajeev Kapoor, and Mr. Naveen Chawla directors retires by rotation being eligible offer themselves for re-appointment.

7. PARTICULARS REGARDING SUBSIDIARY COMPANY

During the year under review, the subsidiary has achieved a turnover of GBP 757,245 as compared to GBP 214,182 in the previous year. The management is of the view that the subsidiary is likely to achieve a very high turnover in the next year and would extend slowly to the other parts of the European Union within a short span. Detailed financial results are presented else where in this Annual Report.

8. CORPORATE GOVERNANCE,

A report on corporate governance is set out separately, which forms part of this report.

9. AUDITOR

M/s P L Tandon & Co, Chartered Accountants, statutory auditors of the Company retire at this Annual General Meeting and are eligible for re-appointment. Your directors propose the re- appointment of M/s PL Tandon and Co, for the year 2008-09 in the best interest of the Company. The Company has obtained a certificate from the statutory auditors that the appointment if made, will be in accordance with limits prescribed under section 224(1-B) of the Companies Act, 1956.

The qualifications and observations reported in the auditor's report were explained at the appropriate place in the notes to accounts.

10. DISCLOSURES

As required under 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, in the relevant information relating to conservation of Energy, technology Absorption, Foreign Exchange Earnings and Out Goes are furnished in Annexure to this Report.

11. PARTICULARS OF EMPLOYEES.

None of the employees throughout the financial year was in receipt of remuneration, which in the aggregate was not less than Rs 24,00,000 or employed for a part of the financial year was in receipt of remuneration at a rate, which in the was not less than Rs 2,00,000 per month. Hence, the particulars u/s 217(2A) of the Companies Act, 1956 are not furnished.

12. DIRECTORS RESPONSIBILITY STATEMENT.

Pursuant to sub- section (2AA) of section 217 of the Companies Act, 1956, in Board of Directors of the Company hereby state and confirm:

- a) that in the preparation of Annual Accounts, for the financial year ending 31.3.2008, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of Affairs of the Company as at March 31, 2008 and of profit and loss account for the year ended March 31, 2008.
- c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that the directors had prepared the annual accounts on going concern basis

13. EMPLOYEES RELATIONS

The year under review had cordial and constructive employee relations and there were commendable co- operations between management and the employees.

14. ACKNOWLEDGEMENTS

Your Directors express their sincere gratitude to the Central and State Governments, Commercial Banks, Financial Institutions, stakeholders for their continued support.

for and on Behalf of the Board of Directors

Place: Hoskote
Date: 28-06-2008

Alok Krishna Agarwal
Chairman

ANNEXURE TO DIRECTORES' REPORT

Particulars as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988

A. POWER & FUEL CONSUMPTION

As part of the Company's policy of the continuous improvement, various energy conservation measures have been pursued during 2007-08. There is close monitoring of various processes as well as energy consumptions at the plant. A computerized control panel that maintains the power generations at optimum level giving higher fuel savings controls the power plant. The other measures taken to reduce the energy consumption are:

- Erection of Energy meters to monitor the power consumption
- Electrical Energy audit was carried out during the years by Separation Engineers (P) Limited, Chennai

	2007-08	2006-07
Electricity	Rs. in Lakhs	Rs. in Lakhs
a. Units from (KPTCL) (In Qty)	8,27,800	826,600
Total Amount (KPTCL) (Rs.)	37,96,162	37,73,454
Average rate Unit.(Rs.)	4.58	4.56
b. Own Generation		
Through Diesel Generator(In unit)	64,000	60,000
Units per liter of diesel Oil	2.50	3.00
Total (Rs.)	7,69,982.00	9,04,995.00
Average Rate/ Unit (Rs.)	12.03	15.08

B. TECHNOLOGY ABSORPTION ADAPTION AND INNOVATION

The Company has been constantly involved in upgrading and modernizing its machinery. The main motive is to offer exquisitely finished products with reduced lead times by installing equipment, with state-of - the- art technology.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO
EARNINGS IN FOREIGN EXCHANGE**

	2007-08	2006-07
	(Rs. In Lakhs)	(Rs. In Lakhs)
a) Export of Goods Calculated on FOB Value	964.98	1018.46
b) Technical Service fee	—	—
c) Interest & Dividend	—	—
d) Others	—	—

OUTGO IN FOREIGN EXCHANGE

	2007-08 (Rs. In Lakhs)	2006-07 (Rs. In Lakhs)
a) Raw Material	61.40	62.62
b) Components Stores & Spare Parts and packing Material	33.96	11.43
c) Capital Goods	7.54	9.26
d) Others	-	-

D. EXPENDITURE IN FOREIGN CURRENCY.
(On accrual basis)

	2007-08 (Rs. In Lakhs)	2006-07 (Rs. In Lakhs)
a. Known-how/Technical Service Fee	-	-
b. Others	25.02	21.73

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

India is one of the leading countries in the production and export of granite and other stones. Granite is a very hard crystalline, igneous or metamorphic rock primarily composed of feldspar, quartz and lesser amounts of dark minerals. India has vast resources of granite with about 110 varieties of different colours and textures such as black, grey, pink, multi colored etc. these varieties are used to produce monuments, building slabs, tiles, surface plates etc. About 110 varieties of granites have been identified for processing as products for exports. The deposits are widely spread over the entire country. However, popular varieties are mainly found in South India.

By general consensus, India and Brazil have been blessed by nature with the widest variety of the most beautiful granites. Yet, when it comes to processing facilities, their development has been way below the potential. The volatile nature of the Brazilian economy with lost of uncertainty every two years or so, has discouraged investment. The market share of China in the international trade in granite has been steadily increasing in recent years. Only China remains a threat to other countries in the manufacture and export of granite.

Opportunities and threats

The export market for finished products and particularly for monuments is picking up in Europe and Australia. Consistent quality control, and prompt deliveries to the buyers are very important to procure more orders and stay in business, New products with new design should be developed by constant upgradation of existing technology to sustain growth.

One of the most positive developments for the granite industry is the greater awareness of it among the architects, and its growing popularity in major projects. Whether it be office buildings, airports, commercial centers or even hotels, granites is becoming more and more popular for the big projects all over the world.

Technologies advances and market competition has changed the basic feature of the industry the margins it works with. While granite has an image of a luxury product, in the production side, the processing industry has changed from being a low volume high margin one to a low margin high volume business.

Rising production cost and decline in the dollar rates have seriously affected the export realizations and had a drastic impact on the profits of the Company. Economic slowdown in the US and cry by environmentalists to prevent damage on account of excess quarrying are other major threats to the granite industry.

Outlook

Milestone Global Limited has been a leading exporter of granite monuments from India. Our Company commands leadership and core competence in the granite monuments processing and has a rating of 100% in terms of customer satisfaction.

On account of slowdown in the US and decline in the dollar rate, we have shifted the market from the US to the European Union through our subsidiary in the United Kingdom. The newly floated subsidiary has picked up gradually and has made a turnover of 757,245 GBP in the third year of its operations as against 214182 GBP in the second year.

The management is confident of a higher turnover in the coming years by constant innovation of new products, technological upgradation and in house training to existing employees to sharpen their skills to face the growing demand. The Company is already on the threshold of being the most hated competitor in the UK market.

Efforts are also being made to set up warehouses in the European countries to become very close to our clients and to make available small quantities of goods to avoid delays in deliveries.

Performance Highlights

The Company maintained around the same turnover as in the previous year. The PAT has recorded at Rs.6.10 lakhs against loss of Rs. 6.74 lakhs in previous year. This was already explained in the board report.

Risk and Concerns

The natural stone industry is peculiar and tough involving risk factors, Granite being a natural resource, there exists an inherent risk in the yield of quality stone. The Company is located in the granite belt and therefore the management is of the view that supply of good quality raw blocks would not be a problem.

Internal Control Systems and adequacy

Your Company is committed to maintain high standards of Internal Control & Procedures. The Internal Control System is an essential element of the Corporate Governance and plays a key role in identifying, minimizing and managing risks that are significant to safeguard the stakeholders' investments and the Company's assets. Your Company has established and has been maintaining adequate controls within the system to ensure the complete accuracy, and authority of all financial information and of all other information that forms the basis for calculation of financial information or is used for management control and accountability. The adequacy and effectiveness of internal controls are monitored regularly by the Auditors and remedial measures are adopted, wherever necessary.

The Audit Committee of the Company meets periodically to review and recommend quarterly, half yearly and annual financial statements of the Company.

Human Resources

Your Company assigns a great deal of importance to this most precious resource. It has a full fledged human resource department that seeks to attract and recruit the best possible talent and groom it to fulfill its vision for the future. The directors wish to acknowledge the efforts in raising the performance of the Company.

Your Company believes that, employees are the key to achieve goals and are the primary source of competitive advantage. Your Company believes that training is the important tool to enhance the capabilities of people and performance of the organization. Therefore on and off the job training programs are organized through internal and external resources.

To achieve high levels in customer satisfaction, your Company has been consistently investing in training and developing the employees to surpass the expectations of the customers. Further, the Company has stable and experienced middle and senior level management team.

The Industrial relations during the year under review, continued to remain cordial with no interruption of the operations of the Company.

Cautionary Statement

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be forward looking statements within the meaning of applicable securities laws and regulations.

As forward looking statements are based on certain assumptions and expectations of future events over which the Company exercises no control, the Company cannot guarantee their accuracy nor can it warrant that the same will be realized by the Company. Actual results could differ materially from those expressed or implied, significant factors that could make a difference to, the Company's operations include domestic and international economic conditions affecting demand, supply and price conditions in the industry the Company into, changes in government regulations, tax regimes and other statutes.

REPORT ON CORPORATE GOVERNANCE**INTRODUCTION**

Corporate Governance enables the Company to build up trust and confidence with its investors and stakeholders. It is a blend of rules, regulations, laws and voluntary practices that enable Company to attract the financial and human capital, perform more efficiently and effectively and thereby maximize the long term values for the shareholders besides respecting the aspiration of multiple stakeholders including that of society.

1. COMPANY'S PHILOSOPHY

Milestone Global Limited's philosophy on Corporate Governance envisages complete transparency and adequate disclosure with an ultimate aim of value creation for all stakeholders i.e. shareholders, employees, customers and the suppliers.

The Company's goal is to find creative and productive ways of delighting its stakeholders i.e., Investors, Customers and Associates, while fulfilling the role of a responsible corporate representative committed to the best practices.

2. BOARD OF DIRECTORS

The current policy is to have optimum combination of Executive and Non Executive directors to ensure the independent functioning of the Board. The Board consists of six directors, two of them are Executive Directors and four of them are Independent Directors.

Composition of the Board of Directors during financial year ended March 31, 2008

Name of Director	Category	Designation	No. of meetings Attended	Attendance of each director at last AGM
Mr. SUNIL KUMAR AGARWAL	Promoter/Executive	Managing Director	9	Yes
Mr. R DWARAKANATH	Executive	Whole-Time Director & Vice Chairman	2	No
ALOK KRISHNA AGARWAL	Independent	Chairman	9	Yes
A PRAKASH	Independent	Director	2	No
FLAZ AHMED	Executive	Whole-Time Director	9	Yes
DEEPAK AGARWAL	Independent	Director	—	No
RAJEEV K APOOR	Independent	Director	9	Yes
SEAN GLADWYNNE ROSS	Independent	Director	1	No
NAVEEN CHAWLA	Independent	Director	6	Yes
SHASHANK KUMAR	Independent	Director	3	Yes

During the financial year from 1st April 2007 to 31st March 2008, the Board of Directors met nine times on 4th April 2007, 12th May 2007, 23rd June 2007, 28th June 2007, 31st July 2007, 18th August 2007, 31st October 2007, 31st January 2008 and 25th March 2008.

The following directors were appointed during the year.

- i) Mr. Deepak Agarwal was appointed as additional director on 12th May 2007.
- ii) Mr. Rajeev Kapoor was regularized at the AGM held on 28th September 2007.
- iii) Mr. Sean Gladwynne Ross was appointed on 4th April 2007 as additional director.
- iv) Mr. Naveen Chawla was appointed as additional director on 23rd June 2007 and regularized in the AGM held on 28th September 2007.
- v) Mr. Shashank Kumar was appointed as additional director on 23rd August 2007 and regularized in the AGM held on 28th September 2007.

The following directors were ceased to be directors during the year.

- i) Mr. R. Dwarakanath resigned from the Board on 1st June 2007.
- ii) Mr. A. Prakash resigned from the Board on 1st June 2007.
- iii) Mr. Sean Gladwynne Ross resigned from the Board on 1st June 2007.
- iv) Mr. Deepak Agarwal resigned from the Board on 1st June 2007.

The list of companies in which the directors hold directorships is within the ceiling mentioned in the Companies Act, 1956.

3. AUDIT COMMITTEE

The audit committee was constituted to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities pertaining to the financial statements.

During the year review the audit committee was reconstituted twice. Presently it consists of all independent directors and it is headed by Mr. Rajeev Kapoor, Chartered Accountant. The committee met 5 times during the year and the attendance of the members at the meeting of the committee is given below:

Name of the members	Status	No. of meetings attended
Mr. Rajeev Kapoor	Chairman	5
Mr. Alok Krishna Agarwal	Member	5
Mr. Naveen Chawla	Member	2

Mr. R. Dwarakanath was member of the committee had resigned from the board of with effect from 1st June 2007.

4. SHARE HOLDERS' GRIEVENCE COMMITTEE

TERMS OF REFERENCE

The committee was formed to approve the matters relating to transfer and transmission of shares, issue of duplicate share certificates, review and redressal of investor grievances. Details of shares transfers/transmissions approved by the committee and Shareholders'/investors' grievances are placed before the Board Meetings from time to time.

COMPOSITION

The Committee presently comprises of 2 Independent Non- Executive Directors and 1 Executive Director. Company Secretary is the Compliance officer of the Company. The Committee met 7 times during the year and the attendance of member at the meeting of the committee was as follows:

Name of the member	Status	No. of meetings attended
Mr. Alok Krishna Agarwal	Chairman	7
Mr. Fiaz Ahmed	Member	7
Mr. Shashank Kumar	Member	5

Mr. R. Dwarakanath, who was a member of the committee, had resigned from the Board w. e. f. 1st June 2007.

2. OPERATING PROFIT / (LOSS)

The operating profit (2007 – operating loss) is stated after charging/(crediting):

	2008	2007
	£	£
Depreciation – owned assets	2,338	1,793
(Profit)/Loss on disposal of fixed assets	(749)	196
	<u> </u>	<u> </u>
Directors emoluments and other benefits etc	<u> </u>	<u> </u>

3. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31st March 2008 nor for the year ended 31st March 2007.

4. TANGIBLE FIXED ASSETS

	Fixtures And Fittings £	Motor Vehicles £	Totals £
COST			
At 1 st April 2007	1,713	5,650	7,363
Additions	414	6,294	6,708
Disposals	-	(3,650)	(3,650)
At 31 st March 2008	<u>2,127</u>	<u>8,294</u>	<u>10,421</u>
DEPRECIATION			
At 1 st April 2007	572	1,413	1,985
Charge for year	389	1,949	2,338
Eliminated on disposal	-	(913)	(913)
At 31 st March 2008	<u>961</u>	<u>2,449</u>	<u>3,410</u>
NET BOOK VALUE			
At 31 st March 2008	<u>1,166</u>	<u>5,845</u>	<u>7,011</u>
At 31 st March 2007	<u>1,141</u>	<u>4,237</u>	<u>5,378</u>

5. DEBTORS:

AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Trade debtors	74,837	26,395
Deposit on rented premises	625	625
Amounts owed from parent company	1,331	6,664
Value added taxation	18,862	
Prepayments	2,898	5,731
	<u>98,553</u>	<u>39,415</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Trade debtors	212,083	91,757
Value added taxation	-	3,330
Accrued expenses	4,640	2,425
	<u>216,723</u>	<u>97,512</u>

7. CALLED UP SHARE CAPITAL

Authorised:			2008	2007
Number:	Class:	Nominal Value	£	£
200,000	Ordinary	£1	<u>200,000</u>	<u>200,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal Value:	2008	2007
				£
87,331	Ordinary	£1	<u>87,331</u>	<u>87,331</u>

8. ULTIMATE PARENT COMPANY

This company is ultimately controlled by Milestone Global Limited by virtue of the fact that it owns 100% of the issued share capital in this company.

Milestone Global Limited is a company incorporated in India.

9. RELATED PARTY DISCLOSURES**Controlling party**

Mr. Sunil Agarwal, together with members of close family, control the company by virtue of a controlling interest (directly or indirectly) in the ultimate parent company.

Loans to parent company

During the year ended 31st March 2008 the ultimate parent company paid a number of expenses to assist its subsidiary. At the 31st March 2008 the Ultimate parent company owed the company £1,331(2007 - £6,664). This loan is interest free and repayable on demand.

Trading with parent company

During the year the company purchased goods to the value of £609,413(2007-£188,825) from the ultimate parent company. The purchases were made on a normal trading basis. At 31st March 2008 the company had within its trade creditors £197,581(2007-£91,312) payable to the ultimate parent company in relation to trading invoices.

Statement Pursuant To Section 212 Of The Companies Act 1956, Relating To Subsidiary Companies

Name of the Subsidiary	Milestone Global (UK) Ltd.,
Financial period ended	31-March-08
Holding company's interest	100% in equity shares
Shares held by the holding company in the subsidiary	87331 equity shares of £.1 each fully paid up amounting to Rs.71.48 lakhs
The net aggregate of profits or losses of the subsidiary for the current period so far as it concerns the members of the holding company	
a. Dealt with or provided for in the accounts of the holding company.	NIL
b. Not dealt with or provided for in the accounts of the holding company	INR 1,600,486
The net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding company	NIL
a. Dealt with or provided for in the accounts of the holding company	(INR 480,038)
Not dealt with or providing for in the accounts of the holding company	

Statement Pursuant To Section 212 Of The Companies Act, 1956, Relating to Subsidiary Company

Name of the Subsidiary company	Issued and Subscribed share capital	Reserves	Loans	Total assets	Totals liabilities	Long-term	Current	Total	Turnover	Profit/(loss) before taxation	Provision for Taxation	Profit/(loss) after taxation	Proposed dividend
Milestone Global (UK) limited	7,409,371	(2,206,244)	-	22,361,319	22,361,319	-	-	-	61,185,396	1,600,486	-	1,600,486	-
	(7,409,371)*	(3,997,010)*	-	(3,412,361)*	(3,412,361)*	-	-	-	(18,171,714)*	(480,038)*	-	(480,038)*	-

**AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF MILESTONE GLOBAL LIMITED
ON THE CONCOLIDATED FINANCIAL STATEMENTS OF MILESTONE GLOBAL
LIMITED AND ITS SUBSIDIARIES**

We have examined the attached Consolidated Balance Sheet of Milestone Global Limited and its subsidiaries as at 31st March, 2008, the Consolidated Profit & Loss Account for the year then ended.

These financial statements are the responsibility of the Milestone Global Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs.34.12 Lacs as at 31st March, 2007 and total revenues of Rs.181.72 Lacs for the year then ended. These financial statements have been audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Milestone Global Limited and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Milestone Global Limited and its aforesaid subsidiaries, we are of the opinion that :

- (a). the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2007;
- (b). the Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of the Company and its subsidiaries for the year then ended on that date; and
- (c). in the case of the Consolidated Cash Flows Statement of the Consolidated Cash Flows of the Company and its subsidiaries for the year ended on that date.

DATE: 28.06.2008
PLACE: KANPUR

For P.L.TANDON & CO.,
Chartered Accountants.

(P.P. SINGH)
PARTNER
Membership No.72754

CERTIFICATE BY CEO/CFO

Pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby certified that for the financial year ended 31st March 2008:

1. I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief, these statements:
 - (i) do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) together present a true and fair view of the Company's affairs, and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct.
3. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial year.
4. I do hereby further certify that there has been no:-
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year;
 - (iii) instances of significant fraud during the year.

Place: Hoskote
Date : 20.06.2008

Alka Agarwal
CEO

AUDITOR'S REPORT
TO THE MEMBERS OF MILESTONE GLOBAL LIMITED

1. We have audited the attached Balance Sheet of Milestone Global Limited, as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :-
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 those books;
- c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of 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 read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - (b) in the case of the Profit & Loss Account of the Loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Place: Kanpur.
Date : 28.06.2008

For P.L. TANDON & CO.,
CHARTERED ACCOUNTANTS
(P.P.SINGH)
PARTNER
Membership No.72754

ANNEXURE TO THE AUDITOR'S REPORT

Re: MILESTONE GLOBAL LIMITED

(Referred to in Paragraph (3) of our report of even date)

- (i) In respect of its Fixed Assets :
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the year.
- (ii) In respect of its Inventories :
 - (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on verification between physical stocks and the book records were not material.
- (iii) The company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans secured or unsecured to parties listed in the register maintained under section 301 of the Companies Act, 1956, the provisions of clause 4(iii)(b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are, therefore, not applicable to the Company.
- (a) The company has taken unsecured loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum balance involved during the year was Rs.14 Lacs and the year end balance was Rs.14 Lacs.
- (b) The rate of interest and other terms and conditions on which loan has been taken from party 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) There is no stipulation for the repayment of loan.
- (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 the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 :
- (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956. Accordingly, the provisions of Clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records by the Company under section 209(1)(d) of the Companies Act, 1956 for any of its products.
- (ix) According to the information and explanations given to us, in respect of statutory and other dues:

- (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears as at 31st March, 2008 for a period more than six months from the date they became payable.
- (c) According to the records of the company, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute, are as follows :-

Name of the Statute	Nature of the Dues	Amount (Rs. In Lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act	Income Tax	39.64	1994 - 95 & 1995 - 96	High Court, Bangalore

- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately 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.
- (xii) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (xiii) In our opinion, the Company is not a Chit Fund or a Nidhi Mutual Benefit Fund / Society. Therefore, the provisions of clause 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 and debentures and other investments. Accordingly, the provisions of clause 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 guarantee for loans taken by others from any bank or financial institution.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) As the Company has no debenture outstanding at any time during the year, the provisions of Clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For P.L. TANDON & CO.,
CHARTERED ACCOUNTANTS
(P.P.SINGH)
PARTNER
Membership No.72754

Place: Kanpur.
Date : 28.06.2008

MILESTONE GLOBAL LIMITED
BALANCE SHEET AS AT 31ST MARCH 2008

Amount in Rs.

	SCH	AS AT 31.03.2008	AS AT 31.03.2007
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS:-			
Share Capital	'1'	50,175,000.00	50,175,000.00
Reserves and Surplus	'2'	35,913,750.05	35,303,637.80
		<u>86,088,750.05</u>	<u>85,478,637.80</u>
LOAN FUNDS			
Secured Loans	'3'	44,225,119.89	51,956,717.46
Unsecured Loans	'4'	1,400,000.00	-
		<u>45,625,119.89</u>	<u>51,956,717.46</u>
Deferred Tax liability (Net)		2,047,420.00	2,886,110.19
		<u>47,672,539.89</u>	<u>54,842,827.65</u>
	TOTAL	<u>133,761,289.94</u>	<u>140,321,465.45</u>
APPLICATION OF FUNDS			
FIXED ASSETS:			
Gross Block	'4'A	137,827,407.19	129,920,654.19
Less: Depreciation		<u>81,107,853.63</u>	<u>73,737,570.63</u>
Net Block		<u>56,719,553.56</u>	<u>56,183,083.56</u>
Capital Work in Proce		-	5,079,299.00
		<u>56,719,553.56</u>	<u>61,262,382.56</u>
INVESTMENT (Investment in Wholly owned Subsidiary)		7,147,980.00	7,147,980.00
CURRENT ASSETS, LOANS & ADVANCES			
	'5'		
Inventories		41,117,468.00	40,629,690.00
Sundry Debtors		25,577,670.00	34,563,979.15
Cash and Bank balances		2,974,971.50	1,486,717.53
Loans and Advances		7,079,126.15	4,535,856.60
		<u>76,749,235.65</u>	<u>81,216,243.28</u>
Less:			
CURRENT LIABILITIES AND PROVISIONS	'6'		
Current Liabilities		6,776,342.27	8,847,274.39
Provisions		79,137.00	457,866.00
		<u>6,855,479.27</u>	<u>9,305,140.39</u>
NET CURRENT ASSETS		<u>69,893,756.38</u>	<u>71,911,102.89</u>
	TOTAL	<u>133,761,289.94</u>	<u>140,321,465.45</u>
NOTES AND CONTINGENT LIABILITIES	'10'		

As per our report of even date attached

FOR P L TANDON & CO
CHARTERED ACCOUNTANTSP P Singh
PartnerPlace : Hoskote
Date : 28.06.2008

For and on Behalf of the Board of Director

(SUNIL KUMAR AGARWAL) (FIAZ AHMED)
Managing Director Director(D. DURGA PRASAD)
Company Secretary

MILESTONE GLOBAL LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

		Amount in Rs.	
	SCH	2007-2008	2006-2007
INCOME			
Sales		100,972,849.00	112,896,333.00
Other Income	7	751,070.35	133,013.00
		101,723,919.38	113,029,346.00
EXPENDITURE			
Material	8	51,562,367.07	51,804,556.34
Manufacturing & Other expenses	9	37,372,966.60	49,072,725.08
Interest		4,981,001.43	3,986,397.38
Depreciation		7,703,349.00	8,058,249.40
		101,619,684.10	112,921,928.20
PROFIT BEFORE TAX		104,235.25	107,417.80
EXCESS PROVISION OF TAX WRITTEN BACK		542,187.00	
PROVISION FOR TAXATION:			
CURRENT TAX		(575,000.00)	(480,000.00)
DEFERRED TAX CREDIT		838,690.00	(111,142.00)
FRINGE BENEFIT TAX		(300,000.00)	(190,000.00)
PROFIT / (LOSS) AFTER TAX		610,112.25	(673,724.20)
Balance brought forward from previous year		18,875,567.80	19,549,292.00
BALANCE CARRIED TO BALANCE SHEET		19,485,680.05	18,875,567.80
EARNING PER SHARE		0.12	(0.13)
NOTES AND CONTINGENT LIABILITIES 10			

As per our report of even date attached

FOR P L TANDON & CO
CHARTERED ACCOUNTANTS

P P Singh
 Partner

Place : Hoskote
 Date : 28.06.2008

For and on Behalf of the Board of Director

(SUNIL KUMAR AGARWAL) **(FIAZ AHMED)**
 Managing Director Director

(D. DURGA PRASAD)
 Company Secretary

Amount in Rs.

	AS AT 31.3.2008	AS AT 31.3.2007
SCHEDULE '1'		
SHARE CAPITAL		
Authorized Share Capital 52,50,000.00 equity shares of Rs. 10 each	52,500,000.00	52,500,000.00
ISSUED, SUBSCRIBED, CALLED UP AND PAID UP CAPITAL		
5017500 Equity Shares of Rs 10 each	50,175,000.00	50,175,000.00
TOTAL	50,175,000.00	50,175,000.00
SCHEDULE '2' - RESERVES AND SURPLUS		
Securities Premium As per Last Balance Sheet	15082070.00	15082070.00
Subsidy As per Last Balance Sheet	1,346,000.00	1,346,000.00
Profit & Loss Account Balance as per Profit & Loss Account	19,485,680.05	18,875,567.80
TOTAL	35,913,750.05	35,303,637.80
SCHEDULE '3'. SECURED LOANS		
Term Loan From Bank	2,733,624.00	2,875,195.00
Export Credit Loans	39,105,738.16	46,250,935.00
Vehicle Loans	2,385,757.73	2,830,587.46
TOTAL	44,225,119.89	51,956,717.46
SCHEDULE '4'. UNSECURED LOANS		
From Director	1,400,000.00	-
TOTAL	1,400,000.00	-

Schedule 4 A

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31.03.2007	Additions for the year	Deduction for the year	As at 31.03.2008	As at 31.03.2007	For the year	on Deduction	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
1	Land	1,213,103.00	—	—	1,213,103.00	—	—	—	—	1,213,103.00	1,213,103.00
2	Factory Building	15,068,143.29	5,800,765.00	—	20,868,908.29	9,348,057.10	583,102.56	9,931,159.66	10,457,748.63	5,720,086.19	
3	Office Building	5,429,174.60	—	—	5,429,174.60	660,188.86	238,449.29	608,038.15	4,530,536.45	4,768,385.74	
4	Non-Factory Building	1,430,910.00	—	—	1,430,910.00	784.06	71,506.30	72,290.36	1,358,619.64	1,430,125.94	
5	Plant & Machinery	96,742,948.76	1,512,246.00	—	98,255,194.76	58,402,28.39	5,467,205.23	63,969,487.62	34,355,707.14	38,310,666.37	
6	Furnitures,										
	Fixtures & Equip	4,303,361.69	7,019.00	—	4,310,380.69	2,288,609.11	365,701.15	2,654,310.26	1,656,070.43	2,014,252.58	
7	Vehicles	4,470,201.27	1,097,242.00	587,527.00	4,989,916.27	2,210,609.72	778,787.08	2,656,390.80	2,294,185.47	2,360,198.55	
8	Computer	1,292,211.58	77,008.00	—	1,369,219.58	827,039.39	198,597.39	1,025,636.78	343,582.80	465,172.19	
a	SUB-TOTAL	129,920,654.19	8,494,280.00	587,527.00	137,927,407.19	737,570.63	7,703,349.00	81,107,853.63	56,719,553.56	56,183,083.56	
	Work-in-progress	—	—	—	—	—	—	—	—	5,079,299.00	
b	TOTAL	129,920,654.19	8,494,280.00	587,527.00	137,927,407.19	737,570.63	7,703,349.00	81,107,853.63	56,719,553.56	61,262,382.56	
	PREVIOUS YEAR	123,968,073.61	6,696,180.00	743,511.42	129,920,654.19	65,937,811.23	8,058,249.40	73,737,570.63	56,183,083.56		

	Amount in Rs.	
	31.03.2008	31.03.2007
SCHEDULE '5':		
CURRENT ASSETS LOANS & ADVANCES		
INVENTORIES:		
(As Certified and valued by a Director)		
Raw Materials	12,856,468.00	15,651,000.00
Work in Process (Semi Finished)	21,921,000.00	17,434,000.00
Finished Goods	498,000.00	1,406,000.00
Stores and Spares	5,842,000.00	6,138,690.00
TOTAL	41,117,468.00	40,629,690.00
SUNDRY DEBTORS		
(Unsecured considered good)	25,577,670.00	34,563,979.15
Less than Six Months		
TOTAL	25,577,670.00	34,563,979.15
CASH & BANK BALANCES		
Cash on Hand	841,615.90	489,301.78
Balance with scheduled Bank		
in Current Account	1,576,129.68	465,230.83
in Deposit Account (Fixed Deposit pledged with Banks)	557,225.92	532,184.92
TOTAL	2,974,971.50	1,486,717.53
LOANS AND ADVANCES		
Advances recoverable in Cash or in kind or for value to be received	7,059,027.80	4,526,386.60
OTHER CURRENT ASSETS		
Interest accrued on Fixed Deposit	20,098.35	9,470.00
TOTAL	7,079,126.15	4,535,856.60
SCHEDULE '6':		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	3,312,457.99	6,387,582.65
Other Liabilities	3,448,314.28	2,459,691.74
Interest Accrued But not due	15,570.00	.
TOTAL	6,776,342.27	8,847,274.39
PROVISIONS		
Provision for Taxation (Net of Advances)	79,137.00	457,866.00
TOTAL	79,137.00	457,866.00

	2007-2008	2006-2007
SCHEDULE 7 : OTHER INCOME		
Exchange Gain	674,701.00	0.0
Interest received	76,369.35	133,013.00
TOTAL	751,070.35	133,013.00
SCHEDULE8: COST OF MATERIALS		
Raw Material Consumed	44,329,504.00	42,711,282.00
Packing Material Consumed	4,012,272.00	3,105,206.20
Stores & Spares Consumed	6,799,591.07	5,332,068.14
Stock at Commencement		
Finished Goods	1,406,000.00	1,819,000.00
Work in Process	17,434,000.00	17,677,000.00
	18,840,000.00	19,496,000.00
Less: Stock at close		
Finished Goods	498,000.00	1,406,000.00
Work in Process	21,921,000.00	17,434,000.00
	22,419,000.00	18,840,000.00
Increase/(decrease) in process and finished Goods	3,579,000.00	(656,000.00)
	51,562,367.07	51,804,556.34
SCHEDULE 9 : MANUFACTURING & OTHER EXPENSES		
Manufacturing Expenses		
Payments to and Provisions for Employees:		
Salary, Wages, Bonus, etc.,	16,673,500.00	15,076,691.00
Company's Contribution to PF, ESI, etc.,	951,004.00	1,529,861.00
Staff Welfare	333,532.00	86,524.00
Repairs & Maintenance	1,947,644.00	2,006,702.75
Power & Fuel	4,566,144.00	4,978,639.00
Loss on sale of fixed assets	4,461.00	61,722.00
Sculpturing	236,043.00	0.00
TOTAL	24,712,328.00	23,740,139.75
ADMINISTRATIVE EXPENSES		
Rates, Taxes	271,039.00	186,943.30
Insurance	72,383.00	66,417.00
Miscellaneous Expenses	4,068,784.18	4,395,033.96
Travelling	3,416,240.42	2,442,195.03
Exchange Loss	-	486,596.04
TOTAL	7,828,446.60	7,577,185.33
SELLING & DISTRIBUTION EXPENSES		
Selling expenses	326,152.00	386,281.00
Forwarding & Shipping Charges	4,475,381.00	17,008,021.00
Sales Commission	30,659.00	361,098.00
TOTAL	4,832,192.00	17,755,400.00
TOTAL	37,372,966.60	49,072,725.08
INTEREST		
Interest on Fixed Loans	623500.86	3611829.37
Interest paid others	4357500.57	374568.01
	4981001.43	3986397.38

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

PARTICULARS	31.03.2008	31.03.2007
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before tax	104,235	107,417
ADJUSTMENT FOR		
Depreciation	7,703,349	8,058,249
Interest Received	(76,369)	(133,013)
interest Paid	4,981,001	3,986,397
Profit/Loss on sale of Fixed Assets(Net)	4,461	61,722
Exchange (Gain) / Loss	(674,701)	486,596
Operating Profit before working capital changes	<u>12,041,976</u>	<u>12,567,368</u>
(Increase)/Decrease in Sundry Debtors	8,986,309	9,300,343
(Increase)/Decrease in Inventories	(487,778)	(6,300,090)
(Increase)/Decrease in Loans and advances	(2,532,641)	980,052
Increase/(Decrease) in Current liabilities	(2,086,502)	702,874
Cash Generated from Operations	15,921,36	17,250,547
Income Tax Paid	711,544	1,427,000
Net cash from operating activities [A]	<u>15,209,820</u>	<u>15,823,547</u>
B CASH FLOW FROM INVESTING ACTIVITIES(B)		
Purchase of fixed assets	(3,414,981)	(11,480,487)
Sale of fixed assets	250,000	423,387
Investment in Subsidiary Company	-	(2,836,344)
Interest Received	65,741	123,543
Net cash used in Investing Activity [B]	<u>(3,099,240)</u>	<u>(13,769,901)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of capital		
Repayment of long term borrowings	(141,571)	(3,198,319)
Proceeds from long term borrowings	1,400,000	2,875,195
Exchange Gain (Loss)	674,701	(486,596)
cashq	(7,145,196)	1,788,747
Repayment of Vehicle Loan	(444,830)	949,224
Interest Paid	(4,965,431)	(3,986,925)
Net Cash used in Financing Activities [C]	<u>(10,622,327)</u>	<u>(2,058,674)</u>
Net Increase in cash and cash equivalents (A+B+C)	1,488,253	(5,023)
Cash and Cash Equivalent at the beginning of the year	1,486,718	1,491,745
Cash and Cash Equivalent at the End of the year	2,974,971	1,486,717

As per our report of even date attached

FOR P L TANDON & CO
CHARTERED ACCOUNTANTSP P Singh
PartnerPlace : Hoskote
Date : 28.06.2008

For and on Behalf of the Board of Director

(SUNIL KUMAR AGARWAL) (FIAZ AHMED)
Managing Director Director(D. DURGA PRASAD)
Company Secretary

**SIGNIFICANT ACCOUNTING POLICIES AND
NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

SCHEDULE: 10**1) SIGNIFICANT ACCOUNTING POLICIES :****i) Accounting Concepts:**

The Company follows the Mercantile system of accounting recognizing Income and Expenditure on accrual basis. The Accounts are prepared on Historical cost basis and as a going concern. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles in India and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

ii). Depreciation:

Depreciation on Fixed Assets is provided on Written Down value basis at the rates and in the manner given in Schedule XIV of the Companies Act, 1956.

iii). Investments:

Long term investments are valued at cost. A provision for diminution is made to recognize a decline other than temporary, in the value of long term investments.

iv). Inventories:

Inventories are valued at the lower of cost and net realizable value. The cost is determined by using First In First Out (FIFO) basis and includes appropriate allocation of production overheads.

v). Foreign Exchange Transactions:

Foreign Currency transactions are recorded at the rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at year end rates. Exchange difference arising on settlement of transactions and translation of monetary terms are recognized as income or expense in the year in which they arise.

Investment in subsidiary company is expressed in Indian Rupees at the rate of exchange prevailing on the date of investment.

vi). Revenue Recognition:

Revenue in respect of sale is recognized when goods are identified as ready for sale and corresponding invoice is raised.
Sales are net of discounts.

vii). Retirement Benefit:

Liability for Employees' gratuity is accounted for on the basis of contribution determined by Life Insurance Corporation of India under their Group Gratuity Cash Accumulation Scheme. Leave encashment is accounted for on payment basis.

Company's contribution to Provident Fund are charged to Profit & Loss Account.

viii). Borrowing Costs:

Borrowing costs directly attributable to the acquisition and construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred.

ix). Provision for Current and deferred Tax:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income tax Act, 1961. Deferred Tax resulting from "Timing Difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted on the Balance Sheet date. The deferred Tax Assets is recognized and carried forward only to the extent there is a reasonable certainty that the assets will be realized in future.

2. CONTINGENT LIABILITIES:

	As at 31 st March, 2008 Rs.	As at 31 st March, 2007 Rs.
a) In respect of Claims (including claims made by Employees) not acknowledged as debts.	Amount Indeterminate	Amount Indeterminate
b) In respect of demand of Income Tax including Interest thereon which is not admitted as liabilities by the Company.	39,63,981	39,63,981

3. Deferred Tax Assets and Liabilities as on 31-03-2008 are as under :

Deferred Tax Liability:	2007-2008 Rs.	2006-2007 Rs.
-------------------------	------------------	------------------

Difference between net book value of depreciable

Capital Assets as per books vis-a-vis written down value as per Income Tax.

Deferred Tax Assets:	2007-2008 Rs.	2006-2007 Rs.
----------------------	------------------	------------------

- | | | |
|---|----------|----------|
| i). Items under the Income Tax Act which will be allowed on actual payment. | 1,18,120 | 1,28,670 |
|---|----------|----------|
4. Balances of Sundry Debtors, Loans and Advances and Creditors, are subject to confirmation.
5. The Company has not received the required information from suppliers regarding their status under the Micro, Small, Medium Enterprises Development Act, 2006. And Small scale Industrial under taking. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been made.

6. i). Term Loan from Bank
Secured by hypothecation of Fixed Assets.
- ii). Export Packing Credit
Secured by hypothecation of inventories and export receivable.
- iii). Vehicle Loans
Secured by hypothecation of Vehicles.

7. Remuneration to Auditors :

	2007-2008 Rs.	2006-2007 Rs.
Audit Fee	70,000	48,000
Tax Audit	20,000	18,000
In other capacity	30,000	-
Service Tax on above	14,832	8,160
	<u>1,34,832</u>	<u>74,160</u>

8. Earning Per Share (EPS):

	2007-2008 Rs.	2006-2007 Rs.
a) Net Profit available for Equity Shareholder. (Numerator used for calculation)	6,10,112.25	(6,73,724)
b) Number of Equity Shares. (Used as denominator for calculating EPS)	5017500	5017500
c) Basic and Diluted earnings per Share of Rs.10/- each.	0.12	(0.13)

9. Related Party Disclosures:

- a) Related Party disclosures as required under Accounting Standard 18 – “Related Party Disclosures” issued by the Institute of Chartered Accountants of India are given below:

Subsidiary Company:

Milestone Global (U.K.) Limited U.K.

Key Management Personnel and their relative :

Mr. Sunil Agarwal - Managing Director

Mr. Fiaz Ahmed - Executive Director

Mrs. Alka Agarwal - Relative

- b) The following transactions were carried with related parties in the ordinary course of business

	Subsidiary Company Rs.	Key Management Personnel and their Relative Rs.
Sales of Finished Goods	49097327 (1,23,31,559)	- (Nil)
Unsecured Loan	- (-)	1400000 (Nil)
Equity contribution	NIL (28,36,344)	- (-)
Remuneration	- (-)	19,80,000 (19,77,500)
Closing Balance at the end of the year :		
Investment	71,47,980 (71,47,980)	- (-)
Outstanding Payable	1,07,012 (5,65,377)	- (-)
Outstanding Receivable	1,73,20,600 (83,12,300)	- -

Figures in bracket are in respect of Previous year.

Note: Related Parties relationship is as identified by the Company and relied upon by the auditors.

10. Company has an investment of Rs.71,47,980/- in the Share Capital in Milestone Global (U.K.) Limited U.K. a wholly owned subsidiary Company. Milestone Global (U.K.) Limited U.K. has accumulated losses £ 27305 equivalent to Rs 2206244/- as on 31st March, 2008 (Previous Year £ 47111 equivalent to Rs.3991010/-. The Management is;

however, of the opinion that with strategic plan on hand and long term involvement in the subsidiary company, no provision is necessary in this account.

11. Segment Reporting :

The Company has only one business segment "Stone" as primarily segment.

The secondary segment is geographical which is given as under :

Amount in Rs.

	PARTICULARS	U.S.A.	EUROPE	TOTAL
1.	SEGMENT REVENUE :			
	External Sales	4,86,45,541	5,23,27,308	10,09,72,849
	Inter-segment sales	-	-	-
	TOTAL REVENUE	4,86,45,541	5,23,27,308	10,09,72,849
2.	SEGMENT EXPENSES	29,23,665	15,51,716	44,75,381
3.	SEGMENT RESULT	4,57,21,876	5,07,75,592	9,64,97,468
	Common Expenses	4,68,08,260	5,03,50,972	9,71,59,232
	Common Income	3618423	389228	751079
	Extra Ordinary Items	-	-	-
4.	Net Profit / (Loss) before Tax	(7,17,349)	8,21,584	1,04,235
	Provision for Taxation :	-	-	5,75,000
	Current Tax	-	-	(8,38,690)
	Deferred Tax	-	-	3,00,000
	Fringe Benefit Tax	-	-	-
	Profit / (Loss) after Tax	-	-	6,10,112
5.	Segment Assets (Debtors)	82,57,070	1,73,20,600	25577670
	Common Assets	-	-	11,50,39,099
	Total Assets	82,57,070	1,73,20,600	14,06,16,769
6.	Segment Liabilities	-	-	-
	Common Liabilities	-	-	14,06,16,769
	Total Liabilities	-	-	14,06,16,769
7.	Capital Expenditure	-	-	84,94,280
8.	Depreciation	-	-	77,03,349
9.	Other Non-Cash Expenditure	-	-	-

12. Previous years figures have been recasted or regrouped wherever necessary for the purpose of comparison.

13. Schedule 1 to 10 and accounting policies form integral part of the accounts and have been duly authenticated .

14. Information pursuant to the provisions of Paragraphs 3, 4C & 4D of Part II of Schedule VI to the Companies Act, 1956

A. CAPACITY, TURNOVER, PRODUCTION & STOCKS

Particulars relating to manufacturing of goods

	31.03.2008	31.03.2007
Licensed Capacity	NA	NA
Installed (Cu. Mtr.)	*1404	1404
Actual Production (Cu. Mtr.)	821.09	864.46

*as Certified by Management

Particulars of Finished Goods	31-03-2008		31-03-2007	
	Qty. (Cu. Mts.)	Rs. (In Lakhs)	Qty. (Cu. Mts.)	Rs. (In Lakhs)
a. Opening Stock	11.72	14.06	15.16	23.09
b. Production	821.09	-	864.46	667.36
c. Sales	828.98	1009.73	867.90	1128.96
d. Closing Stock	3.83	4.98	11.72	14.06

B. RAW MATERIALS CONSUMED

	31-03-2008		31-03-2007	
	Qty. (Cu. Mts.)	Rs. (In Lakhs)	Qty. (Cu. Mts.)	Rs. (In Lakhs)
	1234	443.29	1319.12	427.11

C. C.I.F. VALUE OF IMPORTS	31-03-2008	31-03-2007
	(In Lakhs)	(In Lakhs)
a. Raw Material	61.40	62.62
b. Components, Stores & Spare Parts & Packing Material	33.96	11.43
c. Capital Goods	7.54	9.36
d. Others	-	-

D. EXPENDITURE IN FOREIGN CURRENCY.(On accrual basis)

a. Know-how/Technical Service Fee		
b. Others	25.02	21.73

E. VALUE OF RAW MATERIALS, STORES & SPARE PARTS ETC. CONSUMED

	31-03-2008	31-03-2007
	(In Lakhs)	(In Lakhs)
a. Raw Materials		
i) Imported value	61.40	62.62
% of total consumption	13.85%	14.67%
ii) Indigenous value	381.89	364.49
% of total consumption	86.15%	85.88%
b. Stores & Spare Parts etc. (including Packing Material)		
i) Imported value	33.96	11.43
% of total consumption	31.40%	13.55%
ii) Indigenous value	74.15	72.94
% of total consumption	68.60%	86.45%

F. PERMITTANCE IN FOREIGN CURRENCY

Dividend

G. EARNING IN FOREIGN EXCHANGE

a) Export of Goods Calculated on FOB Value	964.98	1018.46
b) Technical Service fee	-	-
c) Interest & Dividend	-	-
d) Others (Commission)	-	-

As per our report of even date attached

FOR P L TANDON & CO
CHARTERED ACCOUNTANTS**P P Singh**
PartnerPlace : Hoskote
Date : 28.06.2008

For and on Behalf of the Board of Director

(SUNIL KUMAR AGARWAL) **(FIAZ AHMED)**
Managing Director Director**(D. DURGA PRASAD)**
Company Secretary

Balance Sheet Abstract and Company's General Business Profile

I Registration Details:

Registration No. L85110KA1990PLCO11082

State code : 08

Balance Sheet Date

March 31, 2008

(In Rs. Thousand)

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	133,761
Total Assets	133,761

Sources of Funds

Paid-up Capital	50,175
Reserves and Surplus	860,89
Secured Loans	44,225
Unsecured Loans	1,400
Deferred Tax Liability (Net)	2,048

Application of Funds

Net Fixed Assets	56,720
Investments	7,148
Net Current assets	69,894
Miscellaneous Expenditure	Nil
Accumulated losses	Nil

IV. Performance of Company

Income	104,552
Other Income	751
Total Income	105,303
Total Expenditure	105,199
Profit/(Loss) before Tax	104
Profit/ (Loss) after Tax	610
Earnings per share (basic) (Rs.)	0.12

V. Generic name of principal products of the company

Granite Monuments

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2008**

The directors present their report with the financial statements of the company for the year ended 31st March 2008.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the buying and selling of granite monuments.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2007 to the date of this report.

Mr. S. K. Agarwal

Mr A. K. Agarwal

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:

.....
Mr. A K AGARWAL -
Secretary

Date : 28rd June 2008

MILESTONE GLOBAL (UK) LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31ST MARCH 2008

	Notes	2008 £	2007 £
TURNOVER		757,245	214,182
Cost of Sales		670,054	172,847
GROSS PROFIT		87,191	41,335
Administrative expenses		67,384	46,993
OPERATING PROFIT / (LOSS)	2	<u>19,807</u>	<u>(5,658)</u>
Interest payable and similar charges		<u>1</u>	<u>-</u>
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		19,806	(5,658)
Tax on profit/ (loss) on ordinary activities	3	-	-
PROFIT/ (LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		19,806	(5,658)
PROFIT/(DEFICIT) FOR THE YEAR		19,806	(5,658)
Deficit brought forward		(47,111)	(41,453)
DEFICIT CARRIED FORWARD		(27,305)	(47,111)

MILESTONE GLOBAL (UK) LIMITED
 BALANCE SHEET 31ST MARCH 2008

	Notes	2008 £	2007 £
FIXED ASSETS	4	7,011	5,378
CURRENT ASSETS			
Stocks		116,993	70,115
Debtors	5	98,553	39,415
Cash at bank and in hand		54,192	22,824
		<u>269,738</u>	<u>132,354</u>
CREDITORS			
Amounts falling due within one year	6	216,723	97,512
NET CURRENT ASSETS		53,015	34,842
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>60,026</u>	<u>40,220</u>
CAPITAL AND RESERVES			
Called up share capital	7	87,331	87,331
Profit and loss account		(27,305)	(47,111)
SHAREHOLDERS FUNDS		<u>60,026</u>	<u>40,220</u>

MILESTONE GLOBAL (UK) LIMITED**BALANCE SHEET - continued****31st MARCH 2008**

The company is entitled to exemption from audit under Section 249A (1) of the Companies Act 1985 for the year ended 31st March 2008.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st March 2008 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Board of Directors on 3rd June 2008 and were signed on its behalf by:

Mr. A K Agarwal
Director

Mr. S K Agarwal
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2008**1. ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	-	25% on reducing balance
Motor vehicles	-	25% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realizable value, after making due allowance for obsolete and slow moving items.

During the year under review, the Company had received 12 request letters/ complaints from the investors and all the 12 request complaints were attended/ resolved. No securities for transfer as on April 1, 2008 were pending.

5. REMUNERATION COMMITTEE:

Terms Of Reference

The Committee was formed to evaluate compensation and benefits for executive directors and to frame policies and systems for associate Stock Option Plans as approved by members.

COMPOSITION

The Committee was reconstituted twice during the year. The committee presently consists of the following three Independent Non-Executive Directors. The Committee met once during the year. The members of the committee are as follows:

Name of Member	Status	No. of Meeting Attended
Mr. Naveen Chawla	Chairman	Nil
Mr. Shashank Kumar	Member	Nil
Mr. Alok Krishna Agarwal	Member	1

Mr. A. Prakash who was a Chairman of the committee had resigned from the Board on 1st June 2007.

Mr. Sean Gladwynne Ross, who was member of the committee, had resigned from the Board on 1st June 2007.

Mr. Rajeev Kapoor, who was member of the Committee, had stepped down.

6. DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR 2007-08

i) Executive Directors

Name of the director	Remuneration	Sitting Fee
Mr. Sunil Kumar Agarwal	Rs. 14.40 Lakhs	Nil
Mr. R. Dwarakanath	Rs. 0.70 Lakhs	Nil
Mr. Fiaz Ahmed	Rs.1.50 Lakhs	Nil

(ii) Non Executive Directors

The Company does not pay any remuneration to its Non- Executive Directors.

The Non - Executive Directors of the Company do not have equity shares in the Company

CEO CERTIFICATE

The Board inter the accuracy of financial statement and adequacy of internal control for the financial reporting propose as required under clause 49 (v) of the listing agreement for the year ended 31.03.2008

7. GENERAL BODY MEETINGS

Date, Time, and Place of last three Annual General Meetings held are given below

Financial Year	Location	Date	Time
2004-05	Registered Office	17-09-2005	11: 00 am
2005-06	Registered Office	02-09-2006	11: 00 am
2006-07	Registered Office	28-09-2007	10:00 am

No special resolution was put through postal ballot in the last AGM and there is no such proposal for this year as there is no such business, which statutorily requires voting through postal ballot in the ensuing AGM. During the year 2007-08, no extra ordinary general meetings were held.

8. DISCLOSURES:

- a. Disclosure on Materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large:

There are no materially significant transactions made by the Company with its Promoters, Directors or management, their subsidiaries or relatives, etc that may have potential conflict with the interest of the Company at large.

- b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

During the last three years there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to capital markets.

9. MEANS OF COMMUNICATION:

The Board of Directors of the Company approves and takes on record the quarterly, half yearly, and yearly financial results in the pro-forma prescribed by Clause 41 of the Listing Agreement and the same was submitted within the stipulated period to the Stock Exchange.

The approved financial results are forthwith sent to the Listed Stock Exchanges and are published in the leading newspapers namely Business Standard Limited / Financial Express and Sanjevani (Kannada), within forty-eight hours of approval thereof.

The Company's half yearly financial results are published in the press but the same are not mailed to the shareholders.

10. GENERAL SHAREHOLDERS INFORMATION:

- a) **Ensuing Annual General Meeting**

The Eighteenth Annual General Meeting of the Company will be held on Saturday 27th September 2008, at 10:00 AM at the registered office of the Company at Plot No.54B, Hoskote Industrial Area(KIADB), Chintamani Road, Hoskote-562114, Karnataka

- b) **Registered Office**

Plot No.54B, Hoskote Industrial Area (KIADB),
Chintamani Road, Hoskote-562114, Karnataka
Phone: 080- 27971334; Fax: 080-27971537

- c) **Postal Ballot:**

The provisions relating to Postal ballot will be Complied with in respect of matters wherever applicable.

- d) **Tentative Financial Calendar**

18 th Annual General Meeting	27 th September 08
First Quarter Results	July 2008
Second Quarter or Half Yearly Results	By End October 2008
Third Quarter Results	By End, January 2008
Audited Annual Results	(2008-2009) June 2009

- e) **Listing on Stock Exchanges:-**

The names and address of the stock exchanges at which the equity shares of the Company are listed and the respective stock code is as under

Sl. No.	Name of the Stock Exchange	Stock Code
1.	The Stock Exchange , Phiroze Jeejeebhoy Towers, MUMBAI – 400 001	531338

f) Date of Book Closure

The Register of Members and Transfer books of the Company will be closed from 25th September to 27th September 2008 (both days inclusive).

g) Listing fee

The Company has paid Annual Listing Fees for the year 2007-2008 to The Stock Exchange, Mumbai where the equity shares of the Company are listed.

h) Stock Market Data

Stock market data regarding Company's share is not available since there is no frequency of trading in the shares of the Company in the stock exchanges.

i) Registrar and Transfer Agent & Share Transfer System

Share Transfer in physical form and other communication regarding share certificates, dividends and change of address etc may be addressed to:

Kirloskar Computer Services Ltd

412/415, 10th Cross, 5th Main, RMV 2nd Stage, Dollars Colony, Bangalore-560094.

Ph: 080-23519632, 9384, Fax No. 080-2351 9294, Email:rameshmanuel@kcs.com

Shares sent for physical transfers are generally registered and returned within a period of 15 days from the date of receipt if the documents are clear in all respect. The Share Transfer and Investors Grievance Committee meets as and when required.

j) Distribution of Shareholdings

As on 31st March 2008 the distribution of Company's shareholding was as follows.

Shareholding of Nominal Value shares	No. of shares	% to total share	No of. Shareholders	% to Total Shareholders
Upto 5000	95155	1.90	327	53.08
5001 to 10000	123200	2.46	137	22.24
10001 to 20000	113650	2.27	67	10.88
20001 to 30000	25795	0.51	10	1.62
30001 to 40000	33300	0.66	10	1.62
40001 to 50000	34800	0.69	7	1.14
50001 to 100000	835100	16.64	50	8.12
100001 & above	3756500	74.87	8	1.30
Grand Total	5017500	100.00	616	100.00

k) Dematerialization of Shares

The Company's shares are compulsorily traded in dematerialized form as per the Securities and Exchange Board of India (SEBI). The Company has obtained the electronic connectivity of its equity shares with both NSDL and CDSL. Members can demat their shares by opening an account with any of the depository participants of NSDL and CDSL across the country.

l) Plant Location

Plot No.54B, Hoskote Industrial Area(KIADB),
Chintamani Road, Hoskote-562114, Karnataka.

m) Address for Correspondence:

Company Secretary

Milestone Global Limited. 54B,
Hoskote Industrial Area(KIADB),
Chintamani Road, Hoskote-562114, Karnataka,
Phone: 080- 27971334/ 1345.

n) Other useful information to the shareholders

- i. Members holding share in physical are requested to notify to the Company, change in their registered address and bank account details promptly by written request under the signature of sole / first joint holder.
- ii. Members holding shares in electronic form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney etc., directly to their Depository Participant (DP) as the same are maintained by them.
- iii. In case of lost/ misplacement of shares, a complaint shall be lodged with the police station and an intimation to this effect shall be sent, to the Company along with an original or certified copy of fir / acknowledgement of the complaint.
- iv. For expediting transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, the registration number of power of attorney should be quoted in the transfer deed at appropriate place.
- v. Equity shares of the Company are under compulsory demat trading by all investors. Considering the advantage of the scripless trading, members are encouraged to consider dematerialization of their shares so as to avoid inconvenience in future.

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF THE CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

To

The Members of Milestone Global Limited

We have examined the compliance of the conditions of the Corporate Governance by Milestone Global Limited (the Company) for the year ended 31st March 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 best of the our information and according to the explanation given to us and the representation made by the directors and the management we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned listing agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, no investor Grievances were pending for a period exceeding one month.

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

**For P.L. TANDON & CO.,
CHARTERED ACCOUNTANTS**

(P.P.SINGH)

Partner

Member No. 72754

Place: Kanpur

Date: 28.06.2008

MILESTONE GLOBAL LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2008

Amount in Rs.

	SCH	AS AT 31.03.2008	AS AT 31.03.2007
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS:-			
Share Capital	'1'	50,175,000.00	50,175,000.00
Reserves and Surplus	'2'	33,615,870.85	31,533,618.82
		<u>83,790,870.85</u>	<u>81,713,618.82</u>
LOAN FUNDS			
Secured Loans	'3'	44,225,119.89	51,956,717.46
Unsecured Loans	'4'	1,400,000.00	-
		45,625,119.89	51,956,717.46
Deferred Tax liability (Net)		2,047,420.00	2,886,110.19
	TOTAL	<u>131,463,410.74</u>	<u>136,556,446.47</u>
APPLICATION OF FUNDS			
FIXED ASSETS:			
Gross Block	'4A'	138,669,423.99	130,505,375.56
Less: Depreciation		81,383,381.63	73,896,116.29
Net Block		57,286,042.36	56,609,259.27
Capital Work in Process		-	5,079,299.00
		<u>57,286,042.36</u>	<u>61,689,058.27</u>
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	'5'	50,570,502.40	46,578,414.88
Sundry Debtors		17,468,662.80	29,595,742.58
Cash and Bank balances		7,353,685.10	3,423,160.47
Loans and Advances		7,079,126.15	4,535,856.60
		<u>82,471,976.45</u>	<u>84,133,174.53</u>
Less:			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	'6'	8,215,471.07	8,807,920.33
Provisions		79,137.00	457,866.00
		8,294,608.07	9,265,786.33
NET CURRENT ASSETS		<u>74,177,368.38</u>	<u>74,867,388.20</u>
	TOTAL	<u>131,463,410.74</u>	<u>136,556,446.47</u>
NOTES AND CONTINGENT LIABILITIES			
	'10'		

As per our report of even date attached

FOR P L TANDON & CO
CHARTERED ACCOUNTANTSP P Singh
PartnerPlace : Hoskote
Date : 28.06.2008

For and on Behalf of the Board of Director

(SUNIL KUMAR AGARWAL) (FIAZ AHMED)
Managing Director Director(D. DURGA PRASAD)
Company Secretary

MILESTONE GLOBAL LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST
MARCH 2008

	SCH	2007-2008	2006-2007
INCOME			
Sales		116,716,809.80	118,836,488.79
Other Income	7	811,589.55	133,013.00
		<u>117,528,399.35</u>	<u>118,969,501.79</u>
EXPENDITURE			
Material	8	60,261,295.07	54,237,751.52
Manufacturing & Other expenses	9	42,399,534.60	52,916,848.91
Interest		5,270,750.23	3,986,397.38
Depreciation		7,892,259.40	8,210,371.82
		<u>115,823,839.30</u>	<u>119,351,369.63</u>
PROFIT BEFORE TAX		1,704,560.05	(381,867.84)
EXCESS PROVISION OF TAX WRITTEN BACK		542,187.00	
PROVISION FOR TAXATION:			
CURRENT TAX		(575,000.00)	(480,000.00)
DEFERRED TAX		838,690.00	(111,142.00)
FRINGE BENEFIT TAX		(300,000.00)	(190,000.00)
PROFIT / (LOSS) AFTER TAX		2,210,437.85	(1,163,009.84)
Balance brought forward from previous year		15,068,999.00	16,273,558.66
BALANCE CARRIED TO BALANCE SHEET		<u>17,279,436.05</u>	<u>15,110,548.82</u>

NOTES AND CONTINGENT LIABILITIES 10

As per our report of even date attached

FOR P L TANDON & CO
CHARTERED ACCOUNTANTS

P P Singh
 Partner

Place : Hoskote
 Date : 28.06.2008

For and on Behalf of the Board of Director

(SUNIL KUMAR AGARWAL) **(FIAZ AHMED)**
 Managing Director Director

(D. DURGA PRASAD)
 Company Secretary

AS AT 31.3.2008 AS AT 31.3.2007

SCHEDULE '1'
SHARE CAPITAL

Authorized Share Capital 52,50,000.00
 equity shares of Rs. 10 each 52,500,000.00 52,500,000.00

**ISSUED, SUBSCRIBED, CALLED UP AND
 PAID UP CAPITAL**

5017500 Equity Shares of Rs 10 each 50,175,000.00 50,175,000.00
50,175,000.00 50,175,000.00

SCHEDULE '2'
RESERVES AND SURPLUS

Securities Premium
 As per Last Balance Sheet 15082070.00 15,082,070.00
 Subsidy
 As per Last Balance Sheet 1,346,000.00 1,346,000.00
 Profit & Loss Account
 Balance as per Profit & Loss Account 17,279,436.05 15,110,548.82
 Less exchange Loss on consolidation 91,635.20 -
17,187,800.85 15,110,548.82
33,615,870.85 31,538,618.82

SCHEDULE '3'
SECURED LOANS

Term Loan - -
 From Financial Institutions
 From Banks 2,733,624.00 2,875,195.00
 Export Packing Credit Loans 39,105,738.16 46,250,935.00
 Vehicle Loans 2,385,757.73 2,830,587.46
44,225,119.89 51,956,717.46

SCHEDULE '4'
UNSECURED LOANS

From director 1,400,000.00 -
1,400,000.00 -

SCHEDULE "4A"											
Sl. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT	ADDITIONS	DEDUCTION	AS AT	AS AT	FOR THE	DEDUCTION	AS AT	AS AT	AS AT
		31.03.2007	31.03.2007	31.03.2007	31.03.2008	31.03.2007	YEAR	31.03.2008	31.03.2008	31.03.2007	31.03.2007
1.	Land	1,213,103.00	-	-	1,213,103.00	-	-	-	-	1,213,103.00	1,213,103.00
2	Factory Building	15,068,143.29	5,800,765.00	-	20,868,908.29	9,348,057.10	583102.56	-	9,931,159.66	10,937,748.63	5,720,086.19
3	Office Building	5,429,174.60	-	-	5,429,174.60	660,188.86	238449.29	-	898,638.15	4,530,536.45	4,768,985.74
4	Non Factory Building	1,430,910.00	-	-	1,430,910.00	784.06	71506.3	-	72,290.36	1,358,619.64	1,430,125.94
5	Plant & Machinery	96,712,948.76	1,512,246.00	-	98,225,194.76	58,402,282.39	5467205.23	-	63,869,487.62	34,355,707.14	38,629,083.18
6	Furniture Fixtures & Equip.	4,303,361.69	7,019.00	-	4,310,380.69	2,288,609.11	365701.15	-	2,654,310.26	1,656,070.43	2,014,752.587 .70
7.	Furniture Fixtures (U.K.)	138,410.40	33,451.00	-	171,861.40	46,217.60	31431.20	-	77,648.80	94,212.60	47,935.95
8	Vehicles	4,470,801.27	1,097,242.00	587,527.00	4,980,516.27	2,210,609.72	778,787.08	333,066.00	2,656,330.80	2,324,185.47	2,260,191.55
9	Vehicles (U.K.)	456,520.00	508,555.20	294,920.00	670,155.20	114,170.40	157,479.20	73,770.40	197,879.20	472,276.00	60,322.95
10	Computers	1,292,211.58	77,008.00	-	1,369,219.58	827,039.39	198597.39	-	1,025,636.78	343,582.80	465,172.19
A	SUB TOTAL	130,515,584.59	9,036,286.20	882,447.00	138,669,423.79	73,897,958.63	7,892,259.40	406,836.40	81,383,381.63	57,286,042.16	56,609,759.27
	Work in Progress										5,079,299.00
	TOTAL	130,515,584.59	9,036,286.20	882,447.00	138,669,423.79	73,897,958.63	7,892,259.40	406,836.40	81,383,381.63	57,286,042.16	61,689,058.27
B	PREVIOUS YEAR	124,392,603.48	7,442,368.90	1,329,096.82	130,505,875.56	66,043,924.29	8,210,371.82	358,179.82	73,896,116.29	56,609,759.27	

AS AT 31.03.2008 AS AT 31.03.2007

SCHEDULE '5':**CURRENT ASSETS LOANS & ADVANCES****INVENTORIES:**

(As Certified and valued by a Director)

Raw Materials	12,856,468.00	15,651,000.00
Work in Process (Semi Finished)	21,921,000.00	17,434,000.00
Finished Goods	9,951,034.40	7,354,724.88
Stores and Spares	5,842,000.00	6,138,690.00
TOTAL	50,570,502.40	46,578,414.48

SUNDRY DEBTORS

(Unsecured considered good)

Less than Six Months	17,468,662.80	29,595,742.58
More than Six Months	-	-
TOTAL	17,468,662.80	29,595,742.58

CASH & BANK BALANCES

Cash on Hand	841,615.90	489,301.78
Balance with scheduled Bank	-	-
in Current Account	5,954,843.28	2,401,673.77
in Deposit Account (Fixed Deposit pledged with Banks)	557,225.92	532,184.92
TOTAL	7,353,685.10	3,423,160.47

LOANS AND ADVANCES

Advances recoverable in Cash or in kind or for value to be received	7,059,027.80	4,526,386.60
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OTHER CURRENT ASSETS

Interest accrued on Fixed Deposit	20,098.35	9,470.00
TOTAL	7,079,126.15	4,535,856.60

SCHEDULE '6':**CURRENT LIABILITIES & PROVISIONS****CURRENT LIABILITIES**

Sundry Creditors	4,751,586.79	6,348,228.60
Other Liabilities	3,448,314.28	2,459,691.73
Interest Accrued But not due on Term Loan	15,570.00	-
TOTAL	8,215,471.07	8,807,920.33

PROVISIONS

Provision for Taxation (Net of Advances)	79,137.00	457,866.00
TOTAL	79,137.00	457,866.00

	2007-2008	2006-2007
SCHEDULE 7 : OTHER INCOME		
Exchange Gain	674,701.00	-
Miscellaneous Income	0.00	-
Interest received	76,369.35	133,013.00
Profit on sale of fixed assets	60,519.20	-
TOTAL	811,589.55	133,013.00
SCHEDULES: COST OF MATERIALS		
Raw Material Consumed	53,028,432.00	45,144,477.18
Packing Material Consumed	4,012,272.00	3,105,206.20
Stores & Spares Consumed	6,799,591.07	5,332,068.14
Stock at Commencement		
Finished Goods	1,406,000.00	1,819,000.00
Work in Process	17,434,000.00	17,677,000.00
	18,840,000.00	19,496,000.00
Less: Stock at close		
Finished Goods	498,000.00	1,406,000.00
Work in Process	21,921,000.00	17,434,000.00
	22,419,000.00	18,840,000.00
Increase/(decrease) in process and finished Goods	3,579,000.00	(656,000.00)
TOTAL	60,261,295.07	54,237,751.52
SCHEDULE 9 : MANUFACTURING & OTHER EXPENSES		
Manufacturing Expenses		
Payments to and Provisions for Employees:		
Salary, Wages, Bonus, etc.,	16,673,500.00	15,076,691.00
Company's Contribution to PF, ESI, etc.,	951,004.00	1,529,861.00
Staff Welfare	333,532.00	86,524.00
Repairs & Maintenance	1,954,512.00	2,015,611.20
Power & Fuel	4,566,144.00	5,063,905.61
Loss on sale of fixed assets	4,461.00	78,351.12
Sculpturing	236,043.00	-
	24,719,196.00	23,850,943.93
ADMINISTRATIVE EXPENSES		
Rates, Taxes	821,529.40	769,556.06
Insurance	72,383.00	66,417.00
Miscellaneous Expenses	6,249,980.18	6,206,588.88
Travelling	5,420,565.22	3,766,754.58
Exchange Loss	43,632.00	501,188.46
	12,608,089.80	11,310,504.98
SELLING & DISTRIBUTION EXPENSES		
Selling expenses	326,152.00	386,281.00
Forwarding & Shipping Charges	4,475,381.00	17,008,021.00
Sales Commission	30,659.00	361,098.00
Sales Promotation	240,056.80	-
	5,072,248.80	17,755,400.00
TOTAL	42,399,534.60	52,916,848.91
INTEREST		
Interest on Fixed Loans	623,500.86	3,611,829.37
Interest paid others	4,357,500.57	374,568.01
Other Bank Charges & Interest	289,748.80	-
TOTAL	5,270,750.23	3,986,397.38

MILESTONE GLOBAL LIMITED
SIGNIFICANT ACCOUNTING POLICIES AND
NOTES ON CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE: 10**1) PRINCIPLES OF CONSOLIDATION :**

1). The consolidation of financial statements of the group have been prepared on the following basis:

- a) The consolidated financial statements of the group are prepared in accordance with Accounting standard – 21 “consolidated financial statements” issued by ICAI
- b) The financial statements of the Company and its subsidiary company have been consolidated on a line –by – line basis by adding together the book value of like items of assets , liabilities , income & expenses , after eliminating intra-group balances .
- c) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented ,to the extent possible , in the same manner as the company’s separate financial statements.

2.) The Subsidiary company considered in the consolidated financial statements is :

Name of the company	Country of Incorporation	Holding as on 31.03.2008
Milestone Global [U.K.] Limited	U.K.	100%

Milestone Global [U.K.] Limited has become wholly owned subsidiary of Milestone Global Limited w.e.f. 12th May 2005.

3.) Other significant accounting policies :

These are set out under ‘Significant Accounting Policies’ as given in the unconsolidated financial statements of Milestone Global Limited and its subsidiary .

2. CONTINGENT LIABILITIES:

	As at 31 st Rs. March, 2008	As at 31 st Rs. March, 2007
--	--	--

- a) In respect of demand of Income Tax including Interest thereon which is not admitted as liabilities by the Company.

	39,63,981	39,63,981
--	-----------	-----------

3. Deferred Tax Assets and Liabilities as on 31-03-2008 are as under :

	2007-2008 Rs.	2006-2007 Rs.
Deferred Tax Liability:		
Difference between net book value of depreciable Capital Assets as per books vis-a-vis written down value as per Income Tax.	21,65,540	30,14,780

	2007-2008 Rs.	2006-2007 Rs.
Deferred Tax Assets:		
i). Items under the Income Tax Act which will be allowed on actual payment.	1,18,120	1,28,670
4. i). Term Loan from Bank Secured by hypothecation of Fixed Assets.		
ii). Export Packing Credit Secured by hypothecation of inventories and export receivable.		
iii). Vehicle Loans Secured by hypothecation of Vehicles.		
5. Earning Per Share (EPS): Pending		
	2007-2008 Rs.	2006-2007 Rs.
a) Net Profit available for Equity Shareholder. (Numerator used for calculation)	22,10,437	(11,63,010)
b) Number of Equity Shares. (Used as denominator for calculating EPS)	50,17,500	50,17,500
c) Basic and Diluted earnings per Share of Rs.10/- each.	(0.44)	(0.23)

6. Related Party Disclosures:

- a) Related Party disclosures as required under Accounting Standard 18 – “Related Party Disclosures” issued by the Institute of Chartered Accountants of India are given below:

Key Management Personnel and their relative :

Mr. Sunil Agarwal	-	Managing Director
Mr. Fiaz Ahmed	-	Executive Director
Mrs. Alka Agarwal	-	Relative

- b) The following transactions were carried with related parties in the ordinary course of business:

	Key Management Personnel and their Relative
Remuneration	Rs. 19,80,000 (19,77,500)
Unsecured Loan	14,00,000 (Nil)

Figures in bracket are in respect of Previous year.

Note: Related Parties relationship is as identified by the Company and relied upon by the auditors.

7. Segment Reporting : Pending

The Company has only one business segment "Stone" as primarily segment.
The secondary segment is geographical which is given as under :

Amount in Rs.

	PARTICULARS	U.S.A.	EUROPE	TOTAL
1.	SEGMENT REVENUE :			
	External Sales	4,86,45,541	5,23,27,308	10,09,72,849
	Inter-segment sales	-	-	-
	TOTAL REVENUE	4,86,45,541	5,23,27,308	10,09,72,849
2.	SEGMENT EXPENSES	29,23,665	155,1716	44,75,381
3.	SEGMENT RESULT	4,57,21,876	5,07,75,592	9,64,97,468
	Common Expenses	4,68,08,260	5,03,50,972	9,71,59,232
	Common Income	36,18,423	3,89,228	7,51,070
	Extra Ordinary Items	-	-	-
4.	Net Profit / (Loss) before Tax	(7,17,349)	8,21,584	1,04,235
	Provision for Taxation :	-	-	-
	Current Tax	-	-	5,75,000
	Deferred Tax	-	-	(8,38,690)
	Fringe Benefit Tax	-	-	3,00,000
	Profit / (Loss) after Tax	-	-	6,10,112
5.	Segment Assets (Debtors)	82,57,070	1,73,20,600	2,55,77,670
	Common Assets	-	-	11,50,39,099
	Total Assets	82,57,070	1,73,20,600	14,06,16,769
6.	Segment Liabilities	-	-	-
	Common Liabilities	-	-	14,06,16,769
	Total Liabilities	-	-	14,06,16,769
7.	Capital Expenditure	-	-	84,94,280
8.	Depreciation	-	-	77,03,349
9.	Other Non-Cash Expenditure	-	-	-

8. Remuneration to Auditors

	2007-2008	2006-2007
(a) Audit Fee	70,000	48,000
(b) Tax Audit Fee	20,000	18,000
(c) In other capacity	30,000	-
Service Tax on above	14,832	8,160

As per our report of even date attached

FOR P L TANDON & CO
CHARTERED ACCOUNTANTSP P Singh
PartnerPlace : Hoskote
Date : 28.06.2008

For and on Behalf of the Board of Director

(SUNIL KUMAR AGARWAL) (FIAZ AHMED)
Managing Director Director(D. DURGA PRASAD)
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST
MARCH 2008**

PARTICULARS	31.03.2008	31.03.2007
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before tax	1,704,560	(381,867)
ADJUSTMENT FOR		
Depreciation	7,892,259	8,210,371
Interest Received	(76,369)	(133,013)
interest Paid	5,270,750	3,986,397
Profit/Loss on sale of Fixed Assets(Net)	(56,058)	78,351
Exchange (Gain) / Loss	(674,701)	501,188
Operating Profit before working capital changes	14,060,441	12,261,427
(Increase)/Decrease in Sundry Debtors	12,127,080	14,045,759
(Increase)/Decrease in Inventories	(3,992,087)	(10,272,644)
(Increase)/Decrease in Loans and advances	(2,532,641)	1,700,823
Increase/(Decrease) in Current liabilities	(608,019)	(1,495,733)
Cash Generated from Operations	19,054,774	16,239,632
Income Tax Paid	(711,544)	(1,427,000)
Net cash from operating activities [A]	18,343,230	14,812,632
B CASH FLOW FROM INVESTING ACTIVITIES(B)		
Purchase of fixed assets	(3,956,987)	(12,226,675)
Sale of fixed assets	531,669	892,566
Investment in Subsidiary Company	-	-
Interest Received	65,741	123,543
Net cash used in Investing Activity [B]	(3,359,577)	(11,210,566)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of capital	-	-
Repayment of long term borrowings	(141,571)	(3,198,319)
Proceeds from long term borrowings	1,400,000	2,875,195
Exchange Gain (Loss)	674,701	(501,188)
Exchange Difference on consolidation	(141,052)	-
Cash Credit Account	(7,145,196)	1,788,747
Repayment of Vehicle Loan	(444,830)	949,224
Interest Paid	(5,255,180)	(3,986,925)
Net Cash used in Financing Activities [C]	(10,912,076)	(2,073,266)
Net Increase in cash and cash equivalents (A+B+C)	3,930,525	1,528,800
Cash and Cash Equivalent at the beginning of the year	3,423,160	1,894,360
Cash and Cash Equivalent at the End of the year	7,353,685	3,423,160

As per our report of even date attached

FOR P L TANDON & CO
CHARTERED ACCOUNTANTS

P P Singh
Partner

Place : Hoskote
Date : 28.06.2008

For and on Behalf of the Board of Director

(SUNIL KUMAR AGARWAL) (FIAZ AHMED)
Managing Director Director

(D. DURGA PRASAD)
Company Secretary

MILESTONE GLOBAL LIMITED

Reg. Off: 54-B, Hoskote Industrial Area (KIADB), Chintamani Road,
Hoskote - 562114, Karnataka

PROXY FORM
EIGHTEENTH ANNUAL GENERAL MEETING

Regd. Folio /Client ID No.: _____ No. of Shares held. _____
_____ DP ID _____

I / We _____ of _____ in
the district of _____ Being a member /members of the
company hereby appoint _____ of _____
in the district of _____ or failing him/
her _____ of _____ In the district
of _____ as my/our proxy to vote for me /us on my/our behalf at the
Eighteenth Annual General Meeting of the company to be held on Saturday the 27th day of
September 2008 at 54-B, Hoskote Industrial Area (KIADB), Chintamani Road, Hoskote -
562114, Karnataka at 10:00 a.m. and to any adjournment (s) thereof.

Affix Re. 1
revenue
stamp

Signed this _____ day of _____ 2008 Signature _____

TEAR HERE

MILESTONE GLOBAL LIMITED

Reg. Off: 54-B, Hoskote Industrial Area (KIADB), Chintamani Road, Hoskote - 562114,
Karnataka

ATTENDANCE SLIP
EIGHTEENTH ANNUAL GENERAL MEETING

Regd. Folio /Client ID No. _____ No. of Shares held _____
_____ DP ID _____

I certify that I am a member /proxy for the member of the Company.

I do hereby record my presence at the Eighteenth Annual General Meeting of the Company
held on Saturday the 27th day of September 2008 at 54-B, Hoskote Industrial Area (KIADB),
Chintamani Road, Hoskote - 562114, Karnataka at 10:00 a.m.

Member's/Proxy's name in BLOCK letters Signature of member / proxy

Note: Please fill up this attendance slip and hold over at the entrance of the meeting hall.
Members are requested to bring their copies of Annual Report to the meeting.

Milestone Global Limited

54-B, Hoskote Industrial Area (KIADB), Chintamani Road, HOSKOTE - 562 114
Tel: 91-80-27971334/345, Fax: 91-80-27971537