

*19<sup>th</sup>*  

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*Annual Report*  

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*2008 - 2009*



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**NOVA GRANITES (INDIA) LIMITED**

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**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

<b>SHRI K. RAGHAVA REDDY</b>	-	<b>DIRECTOR</b>
<b>SHRI M. AJA BABU</b>	-	<b>DIRECTOR</b>
<b>SHRI P.K. TYAGI</b>	-	<b>DIRECTOR</b>
<b>SHRI B S RAJU</b>	-	<b>WHOLETIME DIRECTOR</b>
<b>SHRI P. HARINADHA BABU</b>	-	<b>INDEPENDENT DIRECTOR</b>
<b>SHRI G.SUSHEEL</b>	-	<b>INDEPENDENT DIRECTOR</b>
<b>SHRI S.RADHAKRISHNAN</b>	-	<b>INDEPENDENT DIRECTOR</b>

**AUDITORS** : M/S G.L. KOTHARI & CO.,  
Bangalore

**BANKERS** : AXIS BANK LIMITED, HYDERABAD

**REGISTERED OFFICE** : 25-A Attibele Industrial Area  
Attibele -562 107  
Bangalore district

**REGISTRAR AND  
SHARE TRANSFER AGENT** : Alpha Systems Private Limited.,  
30, Ramana Residency, 4th cross,  
Sampige Road, Malleswaram Bangalore

**LISTED AT** : Bombay Stock Exchange Limited  
The Bangalore Stock Exchange Limited  
The Ahmedabad Stock Exchange Limited  
The Delhi Stock Exchange Ass. Limited



## **NOVA GRANITES (INDIA) LIMITED**

### **NOTICE**

Notice is hereby given that the Nineteenth Annual General Meeting of the members of the Company will be held as scheduled below:

Day & Date : Tuesday, 29th September, 2009

Time : 10.30 A.M.

Venue : 25-A Attibele Industrial Area  
Attibele - 562 107  
Bangalore District

to transact the following business:

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2009 and the Profit and Loss Account for the financial year ended on that date along with the Report of Directors and the Auditors thereon.
2. To appoint Director in the place of Sri P K Tyagi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in the place Sri G Susheel who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint G.L. Kothari & Co, Chartered Accountants Bangalore, as Statutory Auditor of the Company to hold the office as such from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix the remuneration.

### **SPECIAL BUSINESS:**

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

"RESOLVED THAT Sri Baladari Satyanarayana Raju who was appointed as an Additional Director of the company w.e.f 18.10.2008 , holds office till the commencement of this Annual General Meeting and in respect of whom the company has received a notice in writing from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company whose period of office shall be liable to determination by retirement of Directors by rotation."

"RESOLVED FURTHER THAT pursuant to the provisions of sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956, the Company hereby accords its approval for the appointment of Sri. Baladari Satyanarayana Raju, who signified his consent in writing to act as Whole Time Director of the company for a period of three years w.e.f. 18.10.2008 without any remuneration to look after compliances of all statutes for the time being in force."

"RESOLVED FURTHER THAT as long as he is in the capacity of whole time director he is not subject to liable to retire by rotation."

"RESOLVED FURTHER THAT he may be allowed to draw sitting fees and other allowances while attending for the Board Meetings along with other directors of the Company."

BY THE ORDER OF THE BOARD

Sd/-

**P.K.TYAGI**  
DIRECTOR

Place : Bangalore  
Date : 01.09.2009

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books will remain closed from 23rd September, 2009 to 25TH September, 2009 (both days inclusive).
3. Members / Proxies are requested to bring their copies of Annual Report with them for the Annual General Meeting and the attendance slip duly filled in for attending the Meeting. No copies of the Annual Report will be distributed at the meeting.
4. Members are requested to quote their Registered Folio No on all correspondence with the Company.
5. Members are requested to send all communication relating to shares to the Company's Share Transfer Agents (Physical and Electronic) at Alpha Systems Private Limited., 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram Bangalore.
6. The information pursuant to Clause 49 of the Listing Agreement with respect to the details of the Directors seeking appointment / re-appointment in this Annual General Meeting is annexed.

**EXPLANATORY STATEMENT**

**(Pursuant to section 173(2) of the Companies Act 1956)**

**Item No. 5**

Mr. Baladari Satyanarayana Raju was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 18th October, 2008 Pursuant to Section 260 of the Companies Act, 1956, Mr. Baladari Satyanarayana Raju holds office only up to the commencement of the ensuing Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member along with deposit of Rs. 500/- signifying his intention to propose Mr. Baladari Satyanarayana Raju as a candidate for the office of Director.

The Board of Directors has also appointed Mr. Baladari Satyanarayana Raju as a Whole Time Director of the Company for a period of 3 years effective from 18th October, 2008 on the terms and conditions as set out in the resolution, subject to the approval of the shareholders of the Company. He also disclosed his interest that he is a director in "South Coast Infrastructure Development Company of Andhra Pradesh Private Limited."

As per the provisions of Section 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, the appointment of Whole Time Director without any remuneration requires the approval of the shareholders in General Meeting by way of a Ordinary resolution.

The Board of Directors recommended the resolution for shareholders approval. None of the directors were interest or concerned except Mr. Baladari Satyanarayana Raju.

The profile of the said director is annexed hereto under the head " Additional Information "



## **NOVA GRANITES (INDIA) LIMITED**

### **ADDITIONAL INFORMATION (pursuant to Clause 49 IV (G) of the Listing Agreement)**

#### **P K Tyagi**

SRI PRABHAT .K.TYAGI is the promoter of the Company. He is a graduate and having vast experience in the field of granite processing and marketing. He has travelled extensively to USA, Europe, and far Eastern Countries and has gathered wide knowledge in both the manufacture and marketing aspects of the Industry.

The Board considers the knowledge and experience of Sri P K Tyagi, as invaluable use for the Company.

He is not a director in any company

Shareholding in the Company: 17413 Equity shares

#### **G Susheel**

SRI G.SUSHEEL is a graduate and having vast experience in the field of acquiring and maintaining various types of quarries. His flare and interest in Finance & Taxes, has helped him acquire immense knowledge, experience and insights into the finer aspects field. He has been associated with the Company as Independent Director since 2006. He is also the Chairman of the Audit Committee and guiding the Company in Financial decision making.

The Board considers the knowledge and experience of Sri G Susheel, as invaluable use for the Company.

He is the Managing Director of Henraux (India) Private Limited.

#### **B.S.RAJU**

SRI B.S.RAJU is a commerce post graduate and worked in various companies as Accounts and Finance manager . He is a strategic thinker, which coupled with his people skills provides excellent leadership. He is having vast experience in the filed of providing finance to the companies from bankers and various other institutions.

The Board considering the knowledge and experience co opted him as Adddtional Director and appointed him as the Whole Time Director of the Company, w.e.f 18.10.2008.

The Board is of the view that the knowledge and experience of SRI B.S.RAJU be of immense value and benefit to the Company

He is a director in "South Coast Infrastructure Development Company of Andhra Pradesh Private Limited."

Shareholding in the Company : NIL

## ***Annual Report 2008 - 2009***

### **DIRECTORS' REPORT**

Your Directors have pleasure in presenting the NINETEENTH ANNUAL REPORT together with the Audited Accounts of the company for the financial year ended 31ST March, 2009.

#### **FINANCIAL HIGHLIGHTS:**

The performance of the company for the financial year ended 31st March 2009 is summarized below.

(Rupees In Lakhs)

<b>PARTICULARS</b>	<b>2008-09</b>	<b>2007-08</b>
Gross Revenue	284.58	599.88
Total Expenditure	649.08	552.35
Profit/Loss before Financial Charges,		
Depreciation and Taxation	-364.5	47.53
Less : Financial Charges	35.1	24.13
Depreciation	30.91	71.69
Profit/(Loss) before Tax (PBT )	-430.51	-48.29
Less/Add: Profit/ loss on sale / discarding of		
Fixed Assets	0.23	0.31
Less : (Income Tax)	0.04	10.51
Add: Provision for Fringe Benefit Tax	0.78	0.99
Add: Provision for Deferred Tax Liability / ( Asset)	132.67	7.88
Profit/(Loss) after Tax	-564.23	-67.98
Add : Balance brought forward from previous year	-706.51	-638.52
Balance carried to Balance Sheet	-1270.74	-706.51

#### **PERFORMANCE**

Your Company achieved a Turnover of Rs. 284.58 Lacs when compared to Rs 599.88 lacs during the previous year. The operations of the Company resulted in a loss of Rs.430.05 lacs when compared to Rs.48.28 lacs before taxes during the previous year.

The major cause for the huge loss is on account of the high cost of goods sold, The Board is striving hard to improve the performance of the Company.

#### **FUTURE OUTLOOK:**

The management has done well to ensure sustain operations. However, due to high cost and expenditure, the operations resulted in Loss. Efforts are being made to reduce the costs involved. The Management is also looking at breaking even in the ensuing financial year.



## **NOVA GRANITES (INDIA) LIMITED**

### **DIVIDEND:**

Your Directors do not recommend any dividend for the financial year 2008-2009, in view of the accumulated losses.

### **FIXED DEPOSITS:**

The company has neither accepted nor renewed any deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 from the public during the financial year.

### **DIRECTORS:**

During the year, Sri Baladari Satyanarayana Raju was Co opted as Additional Director and Appointed as Whole Time Director of the Company by the Board of Directors in the meeting held on 18th October, 2008. As per the provisions of Section 260 of the Companies Act, 1956 the term of office of Sri Baladari Satyanarayana Raju is due to expire at the conclusion of this Annual General Meeting. The Company has received notice in writing, proposing his appointment as Director of the Company. The relevant resolution proposing his appointment as Director & Whole Time Director is included in the Notice of the Annual General Meeting for your approval.

Further Sri P.K. Tyagi and Sri G. Susheel retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

### **EXPALNATION TO POINT NO.16 OF NOTES TO ACCOUNTS ON AS 15**

Due to crashing of global granite market including our main market in United States of America (USA), the company could not sell it's products thereby the company has suffered huge losses. Many of the the employees have left the organization. However, the Company has duly settled all the amounts to due to employees.

### **AUDITORS:**

M/s. G.L. Kothari & Co. Chartered Accountants, Bangalore, the Statutory Auditors of the company retire at the conclusion of ensuing Annual General Meeting & being eligible, offer themselves for re-appointment. They have furnished a certificate stating that their re-appointment, if made, will be within the limits laid down under Section 224(1B) of the Companies Act, 1956.

The Board recommends their appointment as the Statutory Auditor of the Company.

### **PARTICULARS OF EMPLOYEES:**

There are no employees whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees)



Rules, 1975, and as amended from time to time as remuneration of none of the employees is in excess of Rs.2,00,000/- per month, if employed for the part of year or Rs.24,00,000/- per annum during the financial year 2008-09 .

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors of your Company hereby report:

- (i) that in the preparation of Annual Accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any, there from;
- (ii) 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 at the end of the financial year and of the profit and loss of the company for that period:
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- (iv) that the directors have prepared the annual accounts on a going concern basis.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The details regarding Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo as required by section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the particulars in the report of the Board of Directors) Rules, 1988 are given as Annexure A and forms part of this report.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management Discussion and Analysis Report, pursuant to Clause 49 of the Listing Agreement forms part of this Report and is annexed hereto.

**CORPORATE GOVERNANCE:**

The Company has implemented the procedures and adopted practices in conformity with the Code of Corporate Governance enunciated in Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is annexed herewith, as a part of the Annual Report along with the Auditor's Certificate on its compliance.



## **NOVA GRANITES (INDIA) LIMITED**

### **COMPLIANCE CERTIFICATE**

The Company has obtained Compliance Certificate for the financial year 2008-09, pursuant to the provisions of Section 383A of the Companies Act, 1956 from Mr. Gopal Dhanaji, PCS. A copy of the same is attached to this report.

### **LISTING:**

Your Company's shares are presently listed on the Stock Exchanges of Bombay, Bangalore, Ahemadabad, and Delhi.

### **ACKNOWLEDGEMENTS:**

The Board of Directors would like to place on record its appreciation towards all the employees & the managerial personnel of the company for their contribution in the operations of the company during the year under review. The Directors would also like to record their sincere thanks to the Company's bankers, Central and State Government officials, customers, vendors and the shareholders for their continued support and co-operation.

**BY THE ORDER OF THE BOARD  
For NOVA GRANITES (INDIA) LIMITED**

Sd/-  
**P.K. Tyagi**  
Director

Sd/-  
**K. Raghava Reddy**  
Director

Place: Bangalore  
Date : 01.09.2009

**Annexure – A**

**INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.**

**A. CONSERVATION OF ENERGY :**

- i. The Operations of the Company require extensive use of power and the company is supplementing its power requirement by use of generators installed in the Factory.
- ii. The Company has not made any additional investments and has not proposed any amount for reduction of consumption of energy.
- iii. There is no impact of the measures at (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods.
- iv. Disclosure under Form A is not applicable to the Company.

**B. TECHNOLOGY ABSORPTION :**

**FORM B**

(Disclosure of particulars with respect to technology Absorption)

**i) Research and Development (R & D) :**

Specific areas in which R & D carried out by the Company	: NIL
Benefits derived as a result of the above	: NIL
Future plan of action	: NIL
Expenditure on R & D	: NIL

**ii) Technology absorption, adaptation and innovation : NIL**

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Foreign Exchange earnings and outgo: (on receipts and payments basis)	Rs in Lacs
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<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Foreign Exchange Earnings	32.43	238.05
Foreign Exchange Outgo	5.81	93.00

**BY THE ORDER OF THE BOARD  
For NOVA GRANITES (INDIA) LIMITED**

Sd/-  
**P.K. Tyagi**  
Director

Sd/-  
**K. Raghava Reddy**  
Director

Place: Bangalore  
Date : 01.09.2009



## **NOVA GRANITES (INDIA) LIMITED**

### **COMPLIANCE CERTIFICATE**

Registration Number : 08-011396  
Authorised capital : Rs.20,00,00,000/-  
Paid up capital : Rs. 3,27,00,000/-

To  
The Members of  
Nova Granites (India) Limited.

I have examined the Registers, Records, Books and papers of M/s Nova Granites (India) Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents. I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities prescribed under the Act and rules made thereunder.
3. The Company being a public limited Company, the provisions of Section 3 (1) (iii) (b), (c) and (d) are not applicable to the Company.
4. The Board of Directors duly met five times respectively on 19.04.2008, 16.07.2008, 03.09.2008, 18.10.2008 and 16.01.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from Wednesday 24th September, 2008 to Friday the 26th September 2008 (Both days inclusive) during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2008 was held on 30.09.2008 after giving due notice to the members of the Company and the resolutions passed thereat were recorded in the Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the financial year.

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8. As per the explanations and clarifications provided, the Company has not advanced loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. As per the explanations and clarifications given, the Company has not entered into fresh contracts falling within the purview of section 297 of the Act during the year. However the transactions entered with the related parties for which the prices are at prevailing market prices.
10. The Company has made necessary entries in the register maintained under section 301 of the Act, and the entries are duly recorded therein.
11. As per the explanations and clarifications provided by the management there were no instances falling within the purview of section 314 of the Act, and accordingly the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company :
  - i. Has duly delivered all the certificates on lodgment thereof for transfer / transmission of securities or any other purpose in accordance with the provisions of the Act. during the year.
  - ii. Has not deposited any amount in separate Bank Account as no dividend was declared during the financial year.
  - iii. Was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - iv. Has not transferred the amounts in unpaid dividend account, application money due for refund, matured debentures, matured deposits and the interest accrued thereon which have remained unclaimed or unpaid for a period of Seven years to Investor Education and Protection Fund – No such cases
  - v. Has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was an appointment of Mr. Baladari Satyanarayana Raju as Additional Director during the financial year. However necessary forms with concerned authorities were not filed. It is hereby advised to file the necessary forms with the concerned authorities.
15. Mr. Baladari Satyanarayana Raju was duly appointed as whole time Director during the financial Year. However necessary forms with the concerned authorities were not filed. It is hereby advised to file the forms with the concerned authorities.



## **NOVA GRANITES (INDIA) LIMITED**

16. The Company has not appointed any sole selling agents during the financial year.
17. As per the clarifications and explanations received, the Company is not required to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and rules made thereunder.
19. The Company has not allotted any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the right to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year
24. The Company has not borrowed any monies from the directors, members, banks and others during the financial year.
25. As per the explanations and clarifications provided the Company has made loans or advances or given guarantees or provided securities to other bodies corporate during the financial year with in the power of the Board and necessary resolutions were passed by the Board.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital during the year under scrutiny.

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30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment imposed on the Company during the financial year, for offenses under the Act but reference letters for compounding of offences under section 162 and 220 of the Companies Act, 1956 for delay in filing of the Annual Returns and Balance Sheets for the Financial years 2005-06 and 2006-2007 from Registrar of Companies , Karnataka for which the Company has made an Application under Section 621 A of the Companies Act, 1956 to the Company Law Board through ROC, Karnataka.
32. As per the explanations and clarifications provided, the Company has not received any money as security from its employees during the year.
33. The Company has not constituted any provident fund Trust for its employees pursuant to the provisions of Section 418 of the Act.

Place: Bangalore

Date: 01.09.2009

Name : **Gopal Dhanaji**  
Practicing Company Secretary  
C.P No. : 8415  
A.C.S No. : 23226  
Name of the Company : Nova Granites (India) Limited.



## **NOVA GRANITES (INDIA) LIMITED**

### **Annexure – A**

Statutory Registers as maintained by the Company

1. Register of Investments U/s 49
2. Register of Deposits under Deposits Rules, 1975
3. Register of Charges U/s 143
4. Register of Members U/s 150
5. Minute Books of Board Meetings and
6. Minute Books of General Meetings U/s 193
7. Register of particulars of contracts in which Directors are interested U/s 301
8. Register of Directors, Managing Director, Manager and Secretary U/s 303
9. Register of Directors Shareholding U/s 307
10. Register of Investments, guarantees provided or securities given U/s 372A
11. Register of Allotment

Place: Bangalore

Date: 01.09.2009

Name	Gopal Dhanaji
	Practicing Company Secretary
C.P No.	: 8415
A.C.S No.	: 23226
Registration Number	: 08-011396
Name of the Company	: Nova Granites (India) Limited.



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### **Annexure – B**

Forms and Returns as filed by the Company with Registrar of Companies during the financial year ending 31st March 2009.

SL No/	Form No Return	Under Section	Description	Date of filing	Whether filed with in prescribed Time Yes/No	If delay in filing whether requisite Additional fee paid Yes/No.
1.	Sch VI	220	Annual Reports for the year 2005-2006	18.07.08	No	Yes
2.	Sch V	159	Annual Return for the Year 2005-2006	01.08.08	No	Yes
3.	Sch V	159	Annual Return for the Year 2006-2007	01.08.08	No	Yes
4.	Form 17	138	Satisfaction Charge	08.10.08	Yes	N.A
5.	Sch VI	220	Annual Reports for the year 2007-2008	22.12.08	No	Yes
6.	Sch V	159	Annual Return for the Year 2007-2008	22.12.08	No	Yes
7.	61	621A	Compounding of offense under section 162/220 for delay in filing the Annual Reports and Annual Returns of 2005-06 and 2006-07	06.01.09	N.A	N.A

Place: Bangalore  
Date: 01.09.2009

Name : **Gopal Dhanaji**  
Practicing Company Secretary  
C.P No. : 8415  
A.C.S No. : 23226  
Name of the Company : Nova Granites (India) Limited.



**MANAGEMENT DISCUSSION & ANALYSIS**

**OVERVIEW :**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and other statutory requirements. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions and reasonably present our state of affairs, profits and cash flows for the year.

Your Company has identified few countries as its market areas for its export market, which it proposes to concentrate to increase its exports and market share. Your Company is one of the exporters of Granite Products and it is striving hard to improve its position in the overseas market.. The Company has the mechanism to combat the risks of exposure to Business, Assets and Financial Risks in the form of competition, accidents, natural calamities, obsolescence, fluctuations in foreign currency etc.

**OPPORTUNITIES, THREATS, RISKS AND CONCERNS:**

The products of the Company have a very restrictive export market, which is confined to some countries only, coupled with that the demand for granites is heading south globally. The competition in the International market has also increased to an alarming proportion. The company being aware of these fast developing scenario is constantly striving to come up with suitable technological innovations and investments. The management of your company is on constant vigil to combat any eventuality that may pose threat to the company's business.

**SEGEMENT-WISE PERFORMANCE:**

The Company has only one reportable business segment and hence no further disclosure is required under Accounting Standard 17 on Segment Reporting.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :**

The philosophy we have with regard to internal control systems and their adequacy has been formulation of effective systems and their strict implementation to ensure that assets and interests of the Company are safeguarded; checks and balances are in place to determine the accuracy and reliability of accounting data. The Company has a well defined organization structure with clear functional authority, limits for approval of all transactions. The Company has a strong reporting system, which evaluates and forewarns the management on issues related to compliance. Company updates its internal control system from time to time, enabling it to monitor employee adherence to internal procedures and external regulatory guidelines.

**FINANCIAL PERFORMANCE & OUTLOOK :**

Your Company achieved a Turnover of Rs. 284.58 Lacs when compared to Rs 599.88 lacs during the previous year. The operations of the Company resulted in a loss of Rs.430.05 lacs when compared to Rs.48.28 lacs before taxes during the previous year.

The major cause for the huge loss is on account of the high cost of goods sold, The Board is striving hard to improve the performance of the Company.

The management has done well to ensure sustain operations. However, due to high cost and expenditure, the operations resulted in Loss. Efforts are being made to reduce the costs involved. The Management is also looking at breaking even in the ensuing financial year.

**PERSONNEL :**

Human wealth is the ultimate wealth in for any industry. The Company recognizes this fact and understands that employees are one of the most important sources for sustained growth of any business. Quality personnel delivering their optimum potential for the organization is the key differentiator. The Company maintained good relations with its employees and there was no unrest in the Company at any point of time.



# NOVA GRANITES (INDIA) LIMITED

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

The Company believes in transparency, empowerment, accountability and integrity in its operations duly delegated authority to various functional heads who are responsible for attaining the corporate plans with the ultimate purpose of enhancement of "Stake holder value".

Moreover, the Company believes that sound Corporate Governance practices provide an important platform to assist the management and the Board in delivering its responsibilities. The Company has always been taking the spirit of various legislations as guiding principles and has done well beyond simple statutory compliance. The Board of directors of the company have responsibility of protecting the long term interests of all the stakeholders, while adhering to sound principles of corporate governance.

The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important policy matters.

### 2. BOARD OF DIRECTORS

During the Financial year ended 31st March, 2009, Board of Directors met 5 times and gap between two Board meetings did not exceed four months. None of the Directors on the Board is a member in more than 10 committees and none of them act as Chairman of more than five committees across all companies in which he is a Director.

19.04.2008	16.07.2008	03.09.2008	18.10.2008	16.01.2009
------------	------------	------------	------------	------------

The attendance at the Board Meetings conducted during the 12 months period ended 31st March, 2009 and at the Annual General Meeting as also the number of Directorships and committee memberships (other than Nova Granites ( India) Limited ) are given below:

Name of Director	Category	Designation	No. of Board Meetings Attended	Attendance at previous AGM	No. of Memberships in other companies (excluding private limited Companies) Boards Committees	
K. Raghava Reddy	Promoter & Non-Executive	Director	5	No	1	--
M. Aja Babu	Non-Executive	Director	5	No	1	--
P.K.Tyagi	Promoter & Non-Executive	Director	5	Yes	--	--
P. Harinadha Babu	Non-Executive, Independent	Director	5	Yes	1	--
G. Susheel	Non-Executive, Independent	Director	5	Yes	--	--
S. Radhakrishnan	Non-Executive, Independent	Director	5	No	--	--
B.S. Raju (w.e.f. 18.10.2008)	Executive, Independent	Whole Time Director	5 2	No NA	--	--

### **3. AUDIT COMMITTEE**

The Committee purely consists of 3 independent and Non-Executive Directors, which provides assistance to the Board of Directors in fulfilling its oversight responsibilities. The Audit committee has been entrusted with the responsibilities as laid down under Clause 49 of the Listing Agreement, to the extent applicable and required.

#### **Composition:**

Shri G. Susheel	-	Chairman
Shri S. Radhakrishnan	-	Member
Shri P. Harinadha Babu	-	Member

The terms of reference as per Clause 49 of the Listing Agreement are as follows

- a. To review the results and announcement and the report and accounts at the end of a quarter, half year and the full year before submission to the board, focusing particularly on:
  - (i) Any changes in accounting policies and practices.
  - (ii) Compliance with accepted accounting standards.
  - (iii) Compliance with the Listing and other Legal requirements
  - (iii) Major Judgmental Decisions; etc.
- b. To consider appointment of Statutory Auditors, the Audit Fee, and any matter of resignation and dismissal.
- c. To discuss with the statutory Auditor, before the audit commences, the nature and scope of the Audit.
- d. To discuss problems and reservations arising from the statutory audit, and any matters the statutory auditor may wish to discuss.
- e. To consider other matters as may be delegated by the Board from time to time.

#### **Powers of Audit Committee:**

- To investigate any activity within its terms of reference.
- To seek information from any employee
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.



## **NOVA GRANITES (INDIA) LIMITED**

Meetings during the year :

During the Financial year ended 31st March, 2009, the Audit Committee met 5 times as follows, and all the members were present in each of such meetings.

19.04.2008	16.07.2008	03.09.2008	18.10.2008	16.01.2009
------------	------------	------------	------------	------------

The Company continued to derive immense benefit from the deliberations of the Audit Committee. Shri G Susheel, who is heading the Audit Committee as Chairman has rich experience and knowledge in Finance, and Accounts. The members always added value for the Company. Minutes of each Audit Committee are placed before the Board and discussed in the meeting

#### **4. REMUNERATION COMMITTEE**

##### **Terms of Reference:**

The terms of reference as per Clause 49 of the Listing Agreement is to determine and review the remuneration, performance, and related bonuses of Executive Director(s), if any.

##### **Composition**

During the year remuneration committee was reconstituted with following directors :

Shri S. Radhakrishnan	-	Chairman
Shri G. Susheel	-	Member
Shri P. Harinadha Babu	-	Member

Remuneration paid to Directors during the Financial year 2008 -2009 :

Executive Directors : NIL

Non - Executive Directors : NIL

No meeting of the remuneration committee was held during the financial year 2008-2009 since there was no remuneration paid to any directors.

Shareholding of Non-Executive Director:

None of the Non-Executive Directors of the Company holds any shares in the Company.

## **5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

Brief description of terms of reference:

The Committee focuses on shareholders' grievances and strengthening of investor relations. The committee looks after the services of the Registrars and share transfer agents and recommends measures for providing efficient services to investors.

The Committee specifically looks into investor complaints like Transfer/ transmission/ transposition of shares, non receipt of Annual Report, non – receipt of dividend, and other related issues.

### **Composition**

The committee consists of the following directors :

Shri P. Harinadha Babu	-	Chairman
Shri G. Susheel	-	Member
Shri S. Radhakrishnan	-	Member

Shri. P. Harinadha Babu is the Chairman of the Shareholders Grievance Committee.

One Complaint was received during the year and it was resolved within the time stipulated period. There are no outstanding complaints as on 31st March 2009.

## **6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

A Report of the Management Discussion and Analysis is attached as part of the Annual Report.

## **7. GENERAL BODY MEETINGS:**

**Venue and time where the last three AGMs held:**

Year	AGM	Venue	Day & Date	Time
2006	16th	Ramee Guestline Hotel, Attibele Industrial Area Attibele -562 107 Bangalore district	Friday, 22nd December, 2006	10:30 A.M
2007	17th	25-A, Attibele Industrial Area Attibele, 562 107 Bangalore district	Friday, 28th September, 2007	10:30 A.M
2008	18th	25-A, Attibele Industrial Area Attibele, 562 107 Bangalore district	Tuesday, 30th September, 2008	10:30 A.M



## **NOVA GRANITES (INDIA) LIMITED**

### **Special Resolutions:**

No Special Resolutions have been passed in the previous 3 AGM's.

### **Postal ballot:**

There were no items of business transacted by way of Postal Ballot during the financial year 2008-09.

### **8. DISCLOSURES :**

#### **Related Party Transaction (Shown in Notes to Accounts)**

There are no materially significant related party transactions i.e., transactions material in nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., having potential conflict with the interests of Company at large.

#### **Penalties for non-compliance:**

There were no penalties and strictures imposed on the company by stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

#### **Details of compliance with mandatory requirements and adoption of non-mandatory requirements of the clause**

Pursuant to sub-clause VII of clause 49 of the listing agreement, the Company confirms that it has complied with all mandatory requirements prescribed.

### **9. GENERAL SHAREHOLDER INFORMATION:**

#### **Annual General Meeting :**

Day, Date and time	: 29th September, 2009 ( Tuesday ) at 10.30 a.m.
Venue	: 25-A Attibele Industrial Area Attibele -562 107 Bangalore district
Book Closure Date	: 23rd September 2009 to 25th September, 2009 (both days inclusive)
Dividend	: No dividend is recommended for the year.



## ***Annual Report 2008 - 2009***

<b>Listing on Stock Exchanges</b>	<b>:</b>	The shares of the company are listed on : Bombay Stock Exchange Limited The Bangalore Stock Exchange Limited The Ahmedabad Stock Exchange Limited The Delhi Stock Exchange Ass. Limited
<b>Stock Code</b>	<b>:</b>	BSE - 526570 BgSE- NVG ASE- 41019 DSE - 6771
<b>Market Price Data</b>	<b>:</b>	<b>No Shares were traded on any of the exchange during the Year 2007-2008</b>
<b>Registrars and Transfer Agents</b>	<b>:</b>	Share Transfers & Communication regarding Share Certificates, Dividends & Change of Address may be sent to :  Alpha Systems Private Limited., 30, Ramana Residency, 4th cross, Sampige Road, Malleswaram Bangalore Ph : 080-23460815 - 818 Fax :080-23460819
<b>Share Transfer System</b>	<b>:</b>	
The R & T Agent process the Physical Share Transfers and the Share Certificates are returned to the shareholder within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.		
<b>Issue of Equity Shares</b>	<b>:</b>	<b>Nil</b>



## **NOVA GRANITES (INDIA) LIMITED**

### **Shareholding Pattern as on 31st March, 2009:**

<b>Category</b>	<b>No. of shares held</b>	<b>Percentage of Shareholding</b>
1. Promoters & Persons Acting in concert	2434516	74.45
Sub-Total	2434516	74.45
<b>B. Public Shareholding</b>		
1. Institutions	398153	12.18
2. Non Institutions		
a. Bodies Corporate	53800	1.65
b. Indian Public	378531	11.58
c. NRIs / OCBs	5000	0.14
<b>Sub-Total</b>	<b>835484</b>	<b>25.55</b>
<b>GRAND TOTAL</b>	<b>3270000</b>	<b>100.00</b>

### **Outstanding GDR's / ADR's / Warrant or any convertible instruments, conversion date and likely impact on Equity:**

The Company has not issued any of these instruments till date.

### **Address for correspondence :**

Plant Locations : 25-A Attibele Industrial Area  
Attibele -562 107, Bangalore District

Registered Office : 25-A Attibele Industrial Area  
Attibele -562 107, Bangalore District

### **Nomination Facility :**

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B for this purpose.

Code of Conduct for the Board & Senior Management Personnel:

The Company has laid down a Code of Conduct which has been effectively adopted by the Board Members and Senior Management Personnel of the Company.

**DECLARATION OF COMPLIANCE OF CODE OF CONDUCT**

NOVA GRANITES (INDIA) LIMITED has adopted a Code of Business Conduct and Ethics (the Code) which applies to all the employees and Directors of the Company. Under the Code, it is the responsibility of all the employees and directors to familiarize themselves with the code and comply with its standards.

I hereby certify that the Board of Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year 2008-09

Sd/-  
**P.K.Tyagi**  
Director

Place: Bangalore  
Date: 01.09.2009



## **NOVA GRANITES (INDIA) LIMITED**

### **CEO & CFO Certification**

To  
The Board Of Directors  
Nova Granites (India) Limited

We, P K Tyagi and K Raghava Reddy Directors, to the best of our knowledge and belief, certify that:

1. We have reviewed financial statements and the cash flow statement for the FY 08 – 09 and that to the best of our knowledge and belief.
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements 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. To the best of our knowledge and belief, no transactions were entered into by the company during the year under review, which are fraudulent, illegal or violative of the company's code of conduct.
3. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting.
4. There are no deficiencies in the design or operation of internal controls.
5. We have disclosed to the Company's Statutory Auditors and to the Audit committee of the Board that:
  - (i) There were no significant changes in internal control over financial reporting during the year under review.
  - (ii) There were no significant changes in accounting policies during the year.
  - (iii) There were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Date :01.09.2009  
Place : Bangalore

Sd/-  
**P K Tyagi**  
Director

Sd/-  
**K Raghava Reddy**  
Director

**CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF  
CORPORATE GOVERNANCE**

To  
The Members,  
**NOVA GRANITES (INDIA) LIMITED**  
Bangalore

We have examined the compliance of conditions of corporate governance by NOVA GRANITES (INDIA) LIMITED for the year ended 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of the conditions of the corporate governance is the responsibility of the Management. Our examinations was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor expression of the opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate Governance as stipulated in the above mentioned listing agreement.

We state that no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

**For G.L.Kothari & Co.**  
Chartered Accountants

Sd/-

**G. L. Kothari**  
Proprietor  
M. No. 25481

Place: Bangalore  
Date : 01.09.2009



## **NOVA GRANITES (INDIA) LIMITED**

### **AUDITORS' REPORT**

To,  
The Members of  
**NOVA GRANITES (INDIA) LIMITED**

We have audited the attached Balance sheet of NOVA GRANITES (INDIA) LIMITED as at 31st March 2009 and also the Profit & Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India, in terms of section 227 (4A) of the Companies Act, 1956, We enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that: -
  - a. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
  - b. In our opinion, the Company has kept proper books of accounts as required by Law so far as appears from our examination of such books.
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d. In our Opinion, the Balance Sheet, Profit and Loss Account and 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 all the Directors of the Company as on March 31, 2009 and taken on record by the Board of

## **Annual Report 2008 - 2009**

Directors, we report that none of the Directors of the company are disqualified from being appointed as Directors of the Company under clause (g) of sub-section (1) of section 274 of Companies Act, 1956.

- f. The Company's rehabilitation scheme has been approved by the BIFR and the implementation of the same has been done. Accordingly, these accounts have been prepared under going concern assumption. We have relied upon management assessment on such assumption.
- g. Subject to the foregoing, in our opinion and to the best of our information & according to the explanation given to us, the said accounts read with the schedule to the notes (Schedule –"P") give the information required by the Companies Act, 1956 in the manner so required and give a true & 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, 2009
  - 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 Cash Flow Statement, of the cash Flows for the year ended on that date.

**For G.L.KOTHARI & Co.,  
CHARTERED ACCOUNTANTS**

PLACE:: Bangalore  
DATE : 01/09/ 2009

Sd/-  
**G.L.KOTHARI**  
PROPRIETOR  
M. No. 25481



**Annexure to the Auditors' Report  
Referred to in paragraph 1 of our report**

1. In respect of Fixed Assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) A substantial portion of the fixed assets has been physically verified by the management during the year and in our opinion frequency of verification is not reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification. However, necessary records in support of the said statement have not been made available to us.
  - (c) The Company has not disposed off any substantial part of the fixed assets during the current year.
2. In respect of Inventories:
  - (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory 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 and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the books of account were not material and have been properly dealt with in the books of account.
3.
  - (a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to and from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (b) According to the information and explanations given to us, the company has not taken any laons, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.



4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets, and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
  - (a) According to the information and explanations given to us, we are of the opinion that the transaction that need to be entered in the register maintained u/s 301 of the Companies Act, 1956 have been entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions during the year made in pursuance of the contract or arrangements with the parties referred to in (a) above, and exceeding the value of Rs. 5.00 Lakhs in each case. The rates charged / paid were not comparable as no such transaction were made with any other party for such material.
6. In our opinion and according to the information and as per the explanations given to us, the Company has not accepted deposits from the public during the year under consideration and the Company Law Board has not passed any orders against the Company for any contravention under Sections 58A & 58AA of the Companies Act.
7. In our opinion, the Company does not have an internal audit system commensurate with the size and the nature of its business.
8. As informed to us, in respect of this Company, maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.
9. According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31, 2009 for a period of more than six months from the date on which they become payable.
10. According to the records of the Company, Income tax, Sales tax, Wealth Tax, Customs Duty, Excise Duty and cess, which have not been deposited on account of dispute, are given below.



## **NOVA GRANITES (INDIA) LIMITED**

Nature of the Statute	Amount Unpaid (Rs in Lakhs)	Year to which it relates	Forum where dispute is pending
Custom Duty	15.01	2001-2002	Directorate General of Central Excise Intelligence.

11. The Company has accumulated losses of Rs. 1270.75 Lakhs as at 31st March 2009. The Company has incurred cash loss of Rs. 399.59 Lakhs during the financial year covered by our audit and Rs. –Nil- in the immediately preceding financial year.
12. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
13. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion and according to the information and as per the explanations given to us, the provisions of any special statute applicable to chit funds are not applicable to the Company.
15. In our opinion and according to the information and as per the explanations given to us, the Company is not dealing in or trading in Shares, Securities, debentures and other investment.
16. In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or Financial Institutions are not prejudicial to the interest of the Company.
17. In our opinion and to the best of our information and as per the records of the Company, the Company had not borrowed any Term Loans during the year under consideration.
18. According to the Cash flow statement and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short term basis, prima facie, not been used during the year for long term investment and vice versa.
19. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained U/s 301 of the Companies Act, 1956.

## ***Annual Report 2008 - 2009***

20. The Company has not issued any debentured during the year and therefore the question of creating security in respect there of does not arise.
21. The Company has not made any Public issues during the year and therefore the question of disclosing the end use of money does not arise.
22. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For G.L.KOTHARI & Co.,  
CHARTERED ACCOUNTANTS**

PLACE : Bangalore  
DATE : 01 /09/ 2009

Sd/-  
**G.L.KOTHARI**  
PROPRIETOR  
M. No. 25481



# NOVA GRANITES (INDIA) LIMITED

## BALANCE SHEET AS ON 31-03-2009

(Amount in Rupees)

Particulars	Sch No	As at 31-03-09	As at 31-03-08
<b>I. SOURCES OF FUNDS:</b>			
<b>Share Holders' Funds:</b>			
Share Capital	A	32,700,000	32,700,000
Reserves & Surplus	B	<u>38,014,360</u>	<u>38,014,360</u>
		70,714,360	70,714,360
<b>2. LOAN FUNDS</b>			
Secured Loans	C	-	2,458,263
Unsecured Loans	D	<u>-</u>	<u>19,704</u>
		-	2,477,967
<b>3. DEFERRED TAX LIABILITY</b>		<u>33,405,088</u>	<u>20,137,431</u>
<b>TOTAL</b>		<b><u>104,119,448</u></b>	<b><u>93,329,758</u></b>
<b>1. FIXED ASSETS</b>	E		
Gross Block		160,499,967	153,474,562
Less: Depreciation		<u>108,412,050</u>	<u>105,346,859</u>
Net Block		52,087,917	48,127,703
Add : Capital Work in Progress		<u>6,599,632</u>	<u>6,599,632</u>
		<b>58,687,549</b>	<b>54,727,335</b>
<b>2. LOANS AND ADVANCES</b>			
Inventories	F	20,557,342	70,720,126
Sundry Debtors	G	49,116,054	49,235,972
Cash & Bank Balances	H	483,619	472,881
Loans & Advances	I	<u>10,871,706</u>	<u>12,682,918</u>
		81,028,721	133,111,897
Less : Current Liabilities & Provisions	J	<u>162,672,342</u>	<u>165,160,527</u>
Net Current Assets		<b>(81,643,621)</b>	<b>(32,048,630)</b>
<b>3. PROFIT &amp; LOSS ACCOUNT</b>		<u>127,075,520</u>	<u>70,651,053</u>
<b>TOTAL</b>		<b><u>104,119,448</u></b>	<b><u>93,329,758</u></b>
<b>Significant Accounting Policies &amp; Notes to Accounts</b>	P		
<b>(Schedules A to P form part of Accounts)</b>			

As per Our Report of Even Date Attached

For G.L.Kothari & Co.,  
Chartered Accountants,

For & on behalf of the Board of Directors

Sd/-  
G.L.Kothari  
Proprietor.

Sd/-  
P K Tyagi  
Director

Sd/-  
K Raghava Reddy  
Director

M. No. 25481  
Place : Bangalore  
Date : 01.09.2009

## Annual Report 2008 - 2009

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2009

Particulars	Sch No	As on 31-03-09	As on 31-03-08
<b>I. INCOME:</b>			
Sales	K	27,725,276	57,441,912
Other Income	L	732,738	2,546,192
		<b>28,458,014</b>	<b>59,988,104</b>
<b>II. EXPENDITURE</b>			
Cost of Goods Sold	M	51,171,201	34,602,509
Administrative & Other Expenses	N	13,735,895	20,632,974
Finance Charges	O	3,510,083	2,412,580
Depreciation	E	3,091,396	7,168,966
		<b>71,508,575</b>	<b>64,817,029</b>
Profit / -(Loss) for the year before extra-ordinary items		(43,050,561)	(4,828,925)
Less/Add: Profit /(Loss) on Sale/ Discardation of Fixed Assets		(23,339)	(30,831)
		(43,073,900)	(4,859,756)
Add: Income Tax		4,553	1,050,959
Add: Provision for Fringe Benefit Tax		78,357	99,932
Add: Provision for Deferred Tax		13,267,657	787,651
Profit /( Loss) After Tax		(56,424,467)	(6,798,298)
Add/(Less): Balance in Profit & Loss A/c. as per last Balance Sheet		(70,651,053)	(63,852,755)
		<b>(127,075,520)</b>	<b>(70,651,053)</b>

#### Significant Accounting Policies

#### & Notes to Accounts

P

(Schedules A to P form part of Accounts)

As per Our Report of Even Date Attached

**For G.L.Kothari & Co.,**  
Chartered Accountants,

**For & on behalf of the Board of Directors**

Sd/-  
**G.L.Kothari**

Sd/-  
**P K Tyagi**  
Director

Sd/-  
**K Raghava Reddy**  
Director

Proprietor.  
M. No. 25481

Place : Bangalore  
Date : 01.09.2009



# NOVA GRANITES (INDIA) LIMITED

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

Particulars	As on 31-03-2009	As on 31-03-2008
<b>SCHEDULE "A" - SHARE CAPITAL</b>		
<b>Authorised:</b>		
2,00,00,000 Equity Shares of Rs. 10 /-Each	200,000,000	200,000,000
Issued, Subscribed and Paid up;		
32,70,000 Equity Shares of Rs.10/- each fully paid up	32,700,000	32,700,000
	<b>32,700,000</b>	<b>32,700,000</b>
<b>SCHEDULE "B" - RESERVES &amp; SURPLUS</b>		
Capital Reserve	38,014,360	38,014,360
Represents the Reduction of Share Capital by Virtue of BIFR Order No. 39/99(11) Dated 11.11.03 which is not Available for Distribution of Dividends		
	<b>38,014,360</b>	<b>38,014,360</b>
<b>SCHEDULE "C" - SECURED LOANS</b>		
i) Working Capital Loan		
-from UTI Bank -Cash Credit	-	2,458,263
	-	<b>2,458,263</b>

### Notes:

- Working Capital Loan from UTI Bank are Secured by a First Charge on Current Asset of the Company and second charge on fixed assets of the company excluding abandoned quarry and vehicles under hire purchase and also personally guaranteed by one of the directors of the Company.

## Annual Report 2008 - 2009

### SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

Particulars	As on 31-03-2009	As on 31-03-2008
<b>SCHEDULE "D" - UNSECURED LOANS</b>		
from-CITI BANK NA(Hire Purchase Loan)	-	19,704
	<u>-</u>	<u>19,704</u>
<b>SCHEDULE "F" - INVENTORIES</b>		
(as verified, valued and Certified by the Management)		
Raw Materials	11,422,232	11,717,503
Finished Goods	6,506,069	47,758,150
Work in Progress	-	8,469,139
Consumables, Stores and Spares	2,616,675	2,740,507
Packing Materials	12,366	34,827
	<u>20,557,342</u>	<u>70,720,126</u>
<b>SCHEDULE "G" - SUNDRY DEBTORS</b>		
(Unsecured, Considered Good)		
Debts Outstanding for a period exceeding six months	48,952,534	46,216,074
Others	163,520	3,019,898
	<u>49,116,054</u>	<u>49,235,972</u>
<b>SCHEDULE "H" - CASH AND BANK BALANCES</b>		
Cash in hand	45,001	40,723
Balances with Scheduled Banks in current accounts	438,618	432,158
	<u>483,619</u>	<u>472,881</u>
<b>SCHEDULE "I" - LOANS AND ADVANCES</b>		
(Unsecured, and Considered Good)		
Receivable in Cash or in Kind or for value to be received	7,475,467	9,071,082
Deposits	3,396,239	3,611,836
	<u>10,871,706</u>	<u>12,682,918</u>

**NOVA GRANITES (INDIA) LIMITED****SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009**

<b>Particulars</b>	<b>As on 31-03-2009</b>	<b>As on 31-03-2008</b>
--------------------	-----------------------------	-----------------------------

**SCHEDULE "J" - CURRENT LIABILITIES AND PROVISIONS**

Sundry Creditors for Goods & Services	150,936,319	154,224,048
Sundry Creditors for Services	2,906,274	2,952,378
Other Liabilities	4,839,062	1,939,187
Advance received from Customers	3,990,687	6,044,914
	<b>162,672,342</b>	<b>165,160,527</b>



# **SCHEDULE - E - FIXED ASSETS**

(Amount in Rupees)

Particulars	Gross Block			Depreciation				Net Block		
	As on 01.04.08	Additions/ During the year	Deletions During the year	As at 31.03.09	As at 01.04.2008	for the Year	Written Back	As at 31.03.2009	As at 31.03.2009	As at 31.3.2008
Leasehold Land	2,896,576	7,141,405	-	10,037,981	-	-	-	-	10,037,981	2,896,576
Freehold Quarry Land	1,017,637	-	-	1,017,637	671,962	50,882	-	722,844	294,793	345,675
Building -Office	1,353,352	-	-	1,353,352	224,431	22,060	-	246,491	1,106,861	1,128,921
Building -Factory	13,890,606	-	-	13,890,606	5,910,850	463,946	-	6,374,796	7,515,810	7,979,756
Temporary Shed	35,010	-	-	35,010	35,010	-	-	35,010	-	-
Plant & Machinery	128,321,346	-	116,000	128,205,346	94,104,954	2,031,755	26,205	96,110,504	32,094,842	34,216,392
Office Equipments & Appliances	1,052,823	-	-	1,052,823	638,409	66,119	-	704,528	348,295	414,414
Office Equipments & Appliances - Computer	732,826	-	-	732,826	642,407	90,419	-	732,826	-	90,419
Furniture & Fixtures	957,481	-	-	957,481	875,018	60,609	-	935,627	21,854	82,463
Vehicles	3,216,905	-	-	3,216,905	2,243,818	305,606	-	2,549,424	667,481	973,087
<b>TOTAL</b>	<b>153,474,562</b>	<b>7,141,405</b>	<b>116,000</b>	<b>160,499,967</b>	<b>105,346,859</b>	<b>3,091,396</b>	<b>26,205</b>	<b>108,412,050</b>	<b>52,087,917</b>	<b>48,127,703</b>
<b>PREVIOUS YEAR</b>	<b>151,418,538</b>	<b>3,799,400</b>	<b>1,743,376</b>	<b>153,474,562</b>	<b>99,144,992</b>	<b>7,168,966</b>	<b>967,099</b>	<b>105,346,859</b>	<b>48,127,703</b>	
Work in Progress and Advances towards Capital Assets				<u>6,599,632</u>						



# NOVA GRANITES (INDIA) LIMITED

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

Particulars	As on 31-03-2009	As on 31-03-2008
<b>SCHEDULE "K" SALES</b>		
Export/Third Party Export Sales	26,543,862	53,082,574
Domestic Sales	1,181,414	4,359,338
	<b>27,725,276</b>	<b>57,441,912</b>
<b>SCHEDULE "L" OTHER INCOME</b>		
Interest on Time Deposit /Others	161,876	184,614
Fluctuation Gain / (Loss)	570,862	-
Sale of Scrap	-	39,165
Sundry Creditors W/O.	-	2,202,203
Excess provision for expenses written off	-	36,976
Other Income	-	83,234
	<b>732,738</b>	<b>2,546,192</b>
<b>SCHEDULE "M" - COST OF GOODS SOLD</b>		
a. Raw Materials Consumed		
Opening Stock	11,717,503	15,127,207
Add : Purchases (Inclusive of freight & Dressing Charges)	-	33,373,808
	11,717,503	48,501,015
Less : Closing Stock	11,422,232	11,717,503
Consumption	<b>295,271</b>	<b>36,783,512</b>
b. Purchases of Granite/Marble Slabs & Tiles( Incl. of Freight)	300,245	5,002,195
c. Stores & Spares Consumed	197,146	2,016,533
d. Consumables Consumed	657,319	9,175,685
e. Finished Goods & Work-in-progress		
Add : Opening Stock		
- Finished Goods	47,758,150	30,908,862
- Work-in-progress	8,469,139	6,943,011
	<b>56,227,289</b>	<b>37,851,873</b>
Less : Closing Stock		
- Finished Goods	6,506,069	47,758,150
- Work-in-progress	-	8,469,139
	<b>6,506,069</b>	<b>56,227,289</b>
	<b>49,721,220</b>	<b>(18,375,416)</b>
<b>Total (a+b+c+d+e)</b>	<b>51,171,201</b>	<b>34,602,509</b>

## Annual Report 2008 - 2009

### SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

Particulars	As on 31-03-2009	As on 31-03-2008
<b>SCHEDULE "N"</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Power, Fuel, Electricity & Water Charges	1,926,892	5,624,276
Salaries, Wages & Other Benefits to employees		
- Salaries, Wages & Bonus	2,685,227	4,647,058
- Contribution to ESI	1,533	4,293
- Contribution to PF	50,615	161,269
- Contribution to Group Gratuity	74,923	-
- Ex-gratia	783,600	26,000
- Gratuity Paid	13,000	-
- Medical Expenses of Labour Accident	992,233	12,124
- Staff & Labour Welfare	82,919	184,556
Repairs & Maintenance		
- Plant & Machinery	32,254	331,193
- Building	-	13,065
- Others	42,673	91,034
- Vehicle Maintenance	336,458	283,879
- Garden Maintenance	9,745	3,000
Rates & Taxes	114,957	134,827
Insurance	57,779	193,959
Travelling & Conveyance	200,999	602,897
Postage & Telecommunication Expenses	351,029	445,301
Legal & Professional Charges	176,109	591,255
Auditors Fees	82,725	84,270
Printing & Stationary Expenses	48,650	78,706
Export & Marketing Expenses	87,167	80,031
Stona 2008	-	37,524
Clearing & Forwarding Expenses	238,533	2,349,012
ECGC Premium	-	296,050
Sample Expenses	-	17,916
Carriage Outwards	36,190	77,830
General Expenses	85,509	105,494
ESI on Earlier Years	133,950	44,320
Misc.debit balances written off	113,295	9,706
Expenses pertaining to previous year	231,586	719,787
Slurry Shifting Charges	5,850	-
Sales Tax / Entry Tax	3,619,857	-
Exchange Fluctuation Loss	-	2,079,231
Listing Fee	-	32,500
Commission & Brokerage	-	101,227
Packing Materials	586,618	760,892
Watch & Ward	533,020	408,492
	<b>13,735,895</b>	<b>20,632,974</b>

**NOVA GRANITES (INDIA) LIMITED****SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009**

<b>Particulars</b>	<b>As on 31-03-2009</b>	<b>As on 31-03-2008</b>
<b>SCHEDULE "O" - FINANCE CHARGES</b>		
Interest on Working Capital Loan	101,236	399,632
Interest on Hire purchase Loan	-	59,633
Interest on Corporate Loan	-	1,159,584
Interest on Packing Credits	-	367,107
Interest Others	3,233,668	-
Processing Fee	56,180	96,911
Bank Charges	118,999	329,713
	<b>3,510,083</b>	<b>2,412,580</b>

**SCHEDULE "P"**

**ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009.**

**A. SIGNIFICANT ACCOUNTING POLICIES**

- I The Accounts are prepared on a historical cost convention, all the expenses and income to the extent considered payable and receivable, unless stated otherwise, have been accounted for on accrual basis.

**II FIXED ASSETS AND DEPRECIATION:**

1. Fixed Assets are Stated at Cost less Depreciation.
2. Depreciation on all Assets, other than leasehold Land / free hold quarry Land is provided on straight line method in accordance with the provision of schedule XIV of the Companies Act, 1956.
3. Depreciation on Free Hold Quarry land has been provided taking economic life of the quarries on 20 Years. In case of abandoning a quarry the remaining book value will be written off in the year it is abandoned.
4. Depreciation on the Fixed Assets added during the year has been provided with reference to the date of acquisition thereof.

**III VALUATION OF INVENTORIES ARE MADE AS UNDER**

- |                     |   |   |
|---------------------|---|---|
| 1. Raw Material     | - | At Cost (Weighted Average)                  |
| 2. Stores & Spares  | - | At Cost (FIFO)                              |
| 3. Consumables      | - | At Cost (FIFO)                              |
| 4. Work In Progress | - | Lower of Cost or Estimated Realizable Value |
| 5. Finished Goods   | - | Lower of Cost or Net Realizable Value       |
| 6. Stock in Trade   | - | Lower of Cost or Net Realizable Value       |

**IV SALES**

1. Sales are accounted for on passing of title to the customers. Returns and rebates and discounts against goods sold are recognized as and when ascertained and deducted from sales of the respective year.

**V MISCELLANEOUS EXPENDITURE**

**1. Preliminary & Public Issue Expenses:**

Preliminary & Public Issue Expenses incurred by the Company will be charged to revenue on a deferred basis over a period of 10 Years on a Commencement of Commercial Production.



**2. Quarry Development Expenditure:**

Expenditure incurred on quarry development is treated as deferred revenue expenditure to be written off over a period of ten years after commencing regular quarrying Operation. In the event of abandoning the quarrying operation within the period of Ten Years, the Same shall be written off in that year.

**VI TRANSACTIONS IN FOREIGN CURRENCY :**

1. Foreign currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.
2. Foreign currency balances as on the Balance Sheet date are realigned in the accounts on the basis of exchange rates prevailing at the close of the year and exchange difference arising there from, is adjusted to the cost of fixed Assets or charged to the Profit and Loss Account, as the case may be.

**VII RETIREMENT BENEFITS FOR EMPLOYEES**

**VIII EMPLOYEE BENEFITS**

**Defined Contribution Plan**

The Company makes contribution towards Provident Fund and Employee State Insurance as a defined contribution retirement benefit fund for qualifying employees.

The Provident Fund plan is operated by the Regional Provident Fund Commissioner. Under this scheme, the Company is required to contribute a specified percentage of payroll cost, as per the statute, to the retirement benefit schemes to fund the benefits. Employee State Insurance is remitted to Employee State Insurance Corporation.

**Defined Benefit Plan**

For Defined Benefit Plan the cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains or losses are recognized in full in the Profit and Loss Account for the period in which they occur.

**(a) GRATUITY**

Provision for Gratuity is made as determined actuarially under group gratuity scheme of Life Insurance Corporation of India(LIC)

**(b) Leave Encashment Benefits**

The Company extends benefits of leave to the employees while in service as well as on retirement.

**Short Term Employee Benefits.**

Short term employee benefits are recognized as expenses as per Companies scheme based on expected obligation

**IX RESEARCH AND DEVELOPMENT EXPENDITURE**

Research and development expenditure of revenue nature are charged to the Profit and Loss Account, while capital expenditure are added to Fixed Assets in the year in which they are incurred.

**X CONTINGENCIES**

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of Notes to Accounts

**XI BORROWING COSTS**

Borrowings costs incurred in relation to the acquisition, construction of assets are capitalized as part of the costs of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charges as an expense in the year in which these are incurred.

**XII TAXES ON INCOME**

- a. Provision for Tax for current year has been made on the basis of estimated taxable income computed in accordance with the provisions as per Income Tax Act, 1961.
- b. Deferred Tax resulting from all timing differences between Book Profit and profit as per Income Tax Act, 1961 is accounted for, at the enacted rate of Tax, to the extent that the timing difference as expected to crystallize. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable profits will be available against which such deferred tax assets can be realized.

**NOVA GRANITES (INDIA) LIMITED****B. NOTES ON ACCOUNTS:****1. Contingent Liability not provided for:**

Particulars	As at 31.03.2009 Rs. in Lakhs	As at 31.03.2008 Rs. in Lakhs
a. Un expired Bank Guarantee	14.40	14.40
b. Corporate Guarantee given by M/s.Midwest Granite Pvt Ltd in favor of President of India	175.00	175.00
c. Entry tax demand raised by tax authorities for which relief requested to BIFR & they directed Sales Tax authority to give relief as per Standard Package, which is pending.	-	15.21
d. Bond in favor of President of India on account of Central Excise.	10.00	10.00
e. Bond in favor of President of India on account of Custom	468.23	468.23
f. Sales Tax (Refer Note No. B-4 )	-	24.43
g Custom Duty	13.54	13.54
h Customs Duty (Refer Note No B-7)	15.01	15.01

2. The Company has received a Show Cause Notice from the Customs Department for a demand of Rs.13.54 Lakhs towards differential duty on DTA Clearances. The Company has deposited an amount of Rs. 13.54 Lakhs under protest and appealed before the Customs Authorities. Subsequently the company has received the Refund of the same against which the customs authorities have filed an Appeal.
3. The Company has received a Show Cause Notice from the Sales Tax Department for an demand of Rs. –Nil- (Previous Year Rs 24.43 Lakhs) towards Local Sales Tax payable on certain irregularities observed by the Customs Department and Sales Tax Department for which we have been informed that the Company has appealed against this at the appellate tribunal.
4. The Company has received a Show Cause Notice from Customs Department towards differential duty under Notification No 2/95 Dated 1/4/95 to the tune of Rs.15.01 Lakhs. The company has decided to go for appeal against this at Appellate Tribunal.



**6. AUDITORS FEE**

	Particulars	At 31.03.2009 Rs. in Lakhs	At 31.03.2008 Rs. in Lakhs
a.	Audit Fee	0.60	0.60
b.	Tax Audit Fee	0.15	0.15
c.	Other Services	Nil	Nil
d.	Service Tax	0.09	0.09

**7. Directors Remuneration.**

Director's Sitting Fees : Rs . NIL (Previous year Rs. NIL)

**8. Value of Imports on C.I.F. basis.**

	Particulars	At 31.03.2009 Rs. In Lakhs	At 31.03.2008 Rs. In Lakhs
1	Raw Materials/Consumables, Stores & Spares	5.81	93.94
2	Capital Goods	Nil	Nil

**9. Foreign Currency Expenditure**

For Overseas Travel	Nil	0.40
Commission	Nil	Nil

**10. Earnings in Foreign Exchange**

FOB Value of Exports	32.43	238.05
Exchange Fluctuation Gain / (Loss) Net	5.71	(20.79)

11. Sundry Debtors includes amount due from Company under the same management Rs. 7.97 Lakhs (Previous year Rs. 11.69 Lakhs) maximum amount due at any time during the year Rs. 7.97 Lakhs.
12. Secured Loans, Unsecured Loans, Sundry Creditors, Other liabilities, Sundry Debtors, Loans & Advances are subject to confirmation.
13. In the opinion of the management, the current assets, loans and advances are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.



## NOVA GRANITES (INDIA) LIMITED

- 14.** Sundry Creditors include Rs Nil (previous year Rs. Nil ) pertaining to Small Scale Industrial Undertakings (SSI) to the extent such parties have been identified from the available information/documents. The name of SSI to whom the Company owes a sum exceeding Rs. 1 lakh and outstanding for more 30 days are - Nil. -

### **15. EARNING PER SHARE**

Earning Per Share is calculated by dividing the Profit attributable to the Equity Share Holders by weighted average number of equity shares outstanding during the year as under

	<b>Year – 08-09 Rs. In Lakhs</b>	<b>Year - 07-08 Rs. In Lakhs</b>
a) Amount used as the numerator in calculating the earnings per share	(564.24)	(68)
b) The weighted average number of equity shares used as denominator in calculating earnings per share.	327	327
c) Earning per share	Rs.(17.25)/-	Rs.(2.08)/-
d) Nominal Value of Equity Share	Rs.10/-	Rs.10/-

### **16. AS -15**

The Company has not provided any details & workings for defined benefit plan which is required as per revised AS 15. In the absence of these details we could not report the quantum of expenses & provisions.

### **17. RELATED PARTY DISCLOSURES**

Following disclosure has been made as per the requirements of Accounting Standard 18 on "Related Party Disclosures" (AS 18), issued by the Institute of Chartered Accountants of India

Name of the Related parties and description of their relationship:

- |                             |   |                           |                     |
|-----------------------------|---|---------------------------|---------------------|
| 1. Key Managerial Personnel | : | Mr. B.S. Raju             | Whole Time Director |
|                             | : | Mr. K Raghava Reddy       | Director            |
|                             | : | Mr. Aja Babu Mali Reddy   | Director            |
|                             | : | Mr. P.K. Taygi            | Director            |
| 2. Associate Companies      | : | Midwest Granite (P) Ltd   |                     |
|                             | : | Victorian Granite (P) Ltd |                     |
|                             | : | Reliance Granite (P) Ltd  |                     |
|                             | : | RLP Granite (P) Ltd       |                     |

## Annual Report 2008 - 2009

Related Party	Nature of Relationship	Transactions	Amount 2008-09 (Rs. in Lakhs)	Outstanding Balance as on 31.03.08 (Rs. in Lakhs)
Midwest Granite Pvt. Ltd	Holding Company	Sales	9.58	1064.85
Victorian Granite Pvt. Ltd	Associate Company	Sales	24.43	346.94
Reliance Granite Pvt. Ltd	Associate Company	Sales	35.62	(7.97)
RLP Granite Pvt. Ltd	Associate Company	Purchases	Nil	2.91

**Note:**

- (a) There is no amount Written Off or Written back during the year in respect of debts due from or to related parties.
- (b) There are no other entities where the control exists as defined in AS-18.

### 18. BUSINESS SEGMENTS

The Company has only one reportable business segment and geographical segment and hence no further disclosure is required under Accounting Standard 17 on Segment Reporting.

### 19. DEFERRED TAX

In accordance with Accounting Standard –22 “ Accounting for Taxes on Income” The Company has reviewed the deferred tax Assets and Liability at the end of the year. The net deferred tax liability is estimated to Rs.334.05 Lakhs( previous Year Rs.201.37 lakhs.) The deferred tax liability is mainly on account of difference in carrying value of fixed assets between book figures and income tax records.

	At the end of the Current period Tax Liability/Asset
Deferred Tax Liability recognized for the Timing differences due to:	
1) Difference in Depreciation as per books and as per Income tax Act 1961 Rs. Lakhs	110.43
2) Pre Paid Insurance	0.04
Deferred Tax Asset recognized for the Timing differences due to:	
1) Brought Forward Depreciation Loss	251.38
2) Brought Forward Business Loss	193.06
Net Deferred tax liability charged to Profit and Loss A/c	334.05



## **NOVA GRANITES (INDIA) LIMITED**

20. In terms of Accounting standard 28- Impairment of Assets issued by ICAI, the Management has reviewed its fixed assets and the difference between the carrying amount and recoverable value of relevant assets was not material. Hence, provision for impairment loss is not considered necessary to be made in the books.
21. Amounts have been rounded off to the nearest Rupee.
22. Previous years figures have been rearranged / regrouped wherever necessary so as to correspond with current year's figures.
23. Schedule's "A" to "P" form an integral part of Balance Sheet and the Profit and Loss Account and have been duly authenticated.

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As per Our Report of Even Date Attached

**For G.L.Kothari & Co.,**  
Chartered Accountants,

Sd/-  
**G.L.Kothari**  
Proprietor.  
M. No. 25481

**For & on behalf of the Board of Directors**

Sd/-  
**P K Tyagi**  
Director

Sd/-  
**K Raghava Reddy**  
Director

Place : Bangalore  
Date : 01/09/ 2009

## Annual Report 2008 - 2009

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

Particulars	As on 31-03-2009	As on 31-03-2008
<b>(A) CASH FLOW FROM OPEARTING ACTIVITIES</b>		
Net profit/(Loss) before Tax and Extra ordinary Item	(430.51)	(48.29)
Add/(Less) Adjustment for :		
Depreciation	30.91	71.69
Interest Charges	33.35	20.83
Interest Received	(1.62)	(1.85)
Fluctuation Gain	(5.71)	20.79
Prior Period Expenses	2.31	7.20
Credit Balances and Excess provison written Back	0.00	(22.39)
Operating Profit Before Working Capital Changes	(371.27)	47.98
<b>Adjustment for :</b>		
Trade & Other Receivables	19.31	159.62
Inventories	501.63	(109.82)
Trade Payables	(24.95)	152.58
Adjustment in Provisions	(0.72)	(0.99)
Cash generated from Operations	124.00	249.37
Interest Paid	33.35	20.83
<b>Net Cash From Operating Activites</b>	<b>90.65</b>	<b>228.54</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(71.41)	(18.98)
Sale of Fixed Assets	0.66	7.45
Income Tax	(0.04)	(10.51)
Interest Income	1.62	1.85
Fluctuation Loss	5.71	(20.79)
Prior Period Expenses	(2.31)	(7.20)
Credit Balances and Excess provison written Back	0.00	22.39
Decrease in Investment	0.00	0.00
<b>Net Cash used in Investing Capital Activities</b>	<b>(65.77)</b>	<b>(25.79)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital & Share Application Money	-	-
Proceeds from long Term Borrowings	-	-
Repayment Of Borrowed Loan	0.20	(205.25)
Proceeds from Short Term Borrowings	24.58	0.07
<b>Net Cash used in Financing Activities</b>	<b>24.78</b>	<b>(205.32)</b>
<b>Net increase in Cash &amp; Cash equivalents (A+B+C)</b>	<b>0.10</b>	<b>(2.57)</b>
<b>Cash &amp; Cash Equivalents as at (Opening Balance)</b>	<b>4.73</b>	<b>7.30</b>
<b>Cash &amp; Cash Equivalents as at (Closing Balance)</b>	<b>4.83</b>	<b>4.73</b>

For & on behalf of the Board of Directors

Sd/-  
**P K Tyagi**  
Director

Sd/-  
**K Raghava Reddy**  
Director

#### AUDITORS CERTIFICATE

We have verified the above Cash Flow statement of NOVA GRANITES (INDIA) LIMITED, derived from the annual financial statements for the year ended March 31, 2009, and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the listing agreements with the Stock Exchange.

For G.L.Kothari & Co.,  
Chartered Accountants,

Sd/-  
**G.L.Kothari**  
Proprietor.  
M. No. 25481

Place : Bangalore  
Date : 01/09/ 2009



# NOVA GRANITES (INDIA) LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

### A. Registration Details

Registration No: 11396 State Code: 08  
Balance Sheet Date: 31.03.2009

### B. Capital Raised during the Year (Amount in Rs. Thousand)

Public Issue: Nil Right Issue: Nil  
Bonus Issue: Nil Private Placements: Nil

### C. Position of Mobilization and deployment of Funds (Amount in Rs. Thousands)

**TOTAL LIABILITIES 104119.44 TOTAL ASSETS 104119.44**

#### Sources of Funds

Paid- Up Capital 32,700.00  
Reserve & Surplus 38,014.00  
Secured Loans -  
Unsecured Loans -  
Deferred Tax 33,405.08

#### Application of Funds:

Net Fixed Assets: 58,687.55  
Investments: 0.00  
Net Current Asset -81,643.62  
Accumulated Loses 1,27,075.52

### D. Performance of Company (Amount in Rs. Thousands)

Turnover: 28458.01 Total Expenditure 71508.57  
Profit/loss Before Tax (43073.90) Profit/loss After Tax (56424.47)  
Earning per share Rs. NIL Dividend (%) Nil

### E General Names of Three Principal services of Company

Item code No. (ITC Code) : 680223 -00  
Product Description : Polished granite slabs and Tiles  
Item code No. (ITC Code) : 680223 -01  
Product Description : Dimensional Granite Blocks  
Item code No. (ITC Code) : 680221 -01  
Product Description : Polished Marble slabs and Tiles

As per Our Report of Even Date

**For G.L.Kothari & Co.,**  
Chartered Accountants,

Sd/-  
**G.L.Kothari**

Proprietor.

M. No. 25481

Place : Bangalore

Date : 01.09.2009

**For & on behalf of the Board of Directors**

Sd/-  
**P K Tyagi**  
Director

Sd/-  
**K Raghava Reddy**  
Director

**NOVA GRANITES (INDIA) LIMITED**

Regd Off : 25-A, Attibele Industrial Aria, Attibele – 562 107 Bangalore District

**PROXY FORM**

Regd. Folio No. :

No. of Shares Held:

I/We .....  
of.....in the District of  
.....being a member/members of the above  
named company hereby appoint .....of ...  
..... in the District  
of ..... as my/our Proxy to  
attend and to vote for me/us on my/our behalf at the 19th Annual General Meeting of the  
Company to be held on 29th September, 2009 at 10.30 A.M. at 25-A, Attibele Industrial  
Aria, Attibele – 562 107 Bangalore District and at any adjournment thereof.

Signed this ..... day of ..... Two Thousand Nine

Affix Revenue Stamp

Note: This Proxy Form duly completed should be deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before the time fixed for holding the meeting.



**NOVA GRANITES (INDIA) LIMITED**

Regd Off : 25-A, Attibele Industrial Aria, Attibele – 562 107 Bangalore District

**ATTENDANCE SLIP**

(Please present this slip at the Meeting Venue)  
19th ANNUAL GENERAL MEETING – 29TH September, 2009

Regd. Folio No. :

No. of Shares Held:

I hereby record my presence at the 19th ANNUAL GENERAL MEETING of the members of  
the Company held on 29th September, 2009 at 10.30 A.M. at 25-A, Attibele Industrial Aria,  
Attibele – 562 107 Bangalore District

Name of the Shareholder: .....

Name of the Proxy: .....

Signature of Member / Proxy: .....

**BOOK - POST**

*If Undelivered, please return to :*  
**NOVA GRANITES (INDIA) LIMITED**  
25-A Attibele Industrial Area  
Attibele -562 107  
Bangalore district