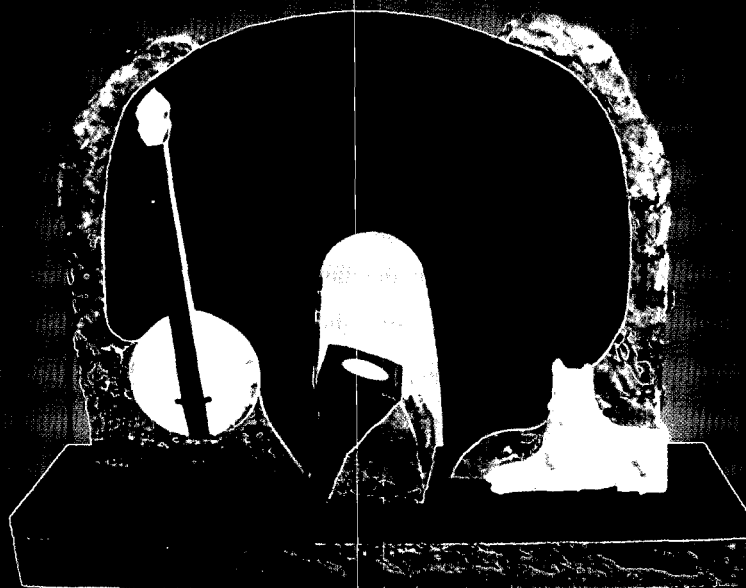


Annual Report 2008 - 09



Milestone Global Limited

BOARD OF DIRECTORS

Mr. Alok Krishna Agarwal
Mr. Sunil Kumar Agarwal
Mr. Fiaz Ahmed
Mr. Rajeev Kapoor
Mr. Naveen Chawla
Mrs. Vinita Sahay

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

COMPLIANCE OFFICER

Mr. Gururaj

REGISTERED OFFICE AND WORKS

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

STATUTORY AUDITORS

M/s P L Tandon & Co. Kanpur

R&T AGENT

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

BANKERS

State Bank of India
Overseas Branch, St. Marks Road,
Bangalore
Allahabad Bank
K.G. Road Branch, K.G. Road
Bangalore

AUDIT COMMITTEE

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

Chairman
Member
Member

REMUNERATION COMMITTEE

Mr. Naveen Chawla
Mr. Rajeev Kapoor
Mrs. Vinita Sahay

Chairman
Member
Member

SHARE TRANSFER/INVESTORS GRIEVANCE COMMITTEE

Mr. Alok Krishna Agarwal
Mrs. Vinita Sahay
Mr. Fiaz Ahmed

Chairman
Member
Member

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NOTICE OF 19TH ANNUAL GENERAL MEETING

Notice is hereby given that the 19th ANNUAL GENERAL MEETING of members of Milestone Global Limited will be held on Saturday on 26th September 2009 at 10.00 A.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 2009 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. Alok Krishna Agarwal, who retires by rotation and being eligible offers himself for re- appointment.
3. To appoint M/s P L Tandon & Co, Chartered Accountants, Kanpur as Statutory Auditors of the Company and fix their remuneration and for the purpose to consider and if thought fit, to pass the following resolution with or without modification(s)

“RESOLVED THAT M/s P L Tandon & Co, Chartered Accountants, Kanpur, be and are hereby reappointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at remuneration to be decided by the Board of Directors.”

SPECIAL BUSINESS

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

RESOLVED THAT Mrs. Vinita Sahay, who was appointed on 1st April 2009 as additional Director by the Board of Directors under the provisions of section 260 of the Companies Act 1956 read Article 110 of the Articles of Association of the Company to hold office upto the date of this Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a members signifying his intention to propose Mrs. Vinita Sahay as a candidate for the directorship of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation.

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 in partial modification of resolutions passed by members at 17th Annual General meeting held on 28th September 2007 and 18th Annual General Meeting held on 27th September 2008 respectively, the consent of members be accorded for reimbursement of medical expenses of Rs. 1,00,000/- paid to Mr. Fiaz Ahmed, Whole Time Director of the Company incurred for his heart surgery and other incidental charges, as recommended by the Remuneration Committee.

**BY ORDER OF THE BOARD
For Milestone Global Limited**

Sd/-

Sunil Kumar Agarwal
Managing Director

Place: Hoskote
Date: 26-08-2009

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 duly filled, stamped and signed and must reach at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

3. Members holding shares in physical form are requested to notify change in their address, if any, quoting folio number to the Company's Registrar and Share Transfer Agents.
4. Members are requested to advise about any change in Address/ Bank Account Number to their Depository Participants (DPs) in respect of their Electronic Demat Accounts
5. Members are requested to bring their copies of Annual Report with them to the Annual General Meeting.
6. The Register of Members and Transfer books of the Company will remain closed from 25th September 2009 to 26th September 2009 (both days inclusive) as annual closure.
7. Under the provisions of Section 109A and 109B of the Companies Act, 1956, shareholder(s) is/are entitled to nominate in the prescribed manner, a person to whom his/her/their shares in the Company, shall vest after his/her/their lifetime. Members who are holding shares in physical form and are interested in availing this nomination facility are requested to write to the Company/RTA.
8. Re-appointment of Directors:
 - a.) Mr. Alok Krishna Agarwal, aged about 43 years is a Lawyer by profession. He is an advocate of Supreme Court of India. He is the Chairman of the Company and also a member in Audit, Remuneration and Share Transfer/Investors Grievance Committees of the Board. His qualification and experience are of much benefit to the Company.
 9. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of resolutions set out under Item No.4 is annexed hereto.
 10. In terms of the requirement of Clause-49 of the Listing Agreement, details about qualification, age, area of expertise & other directorships of Directors seeking appointment/ re-appointment is given and forms part of the Notice to the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**Item No. 4**

In order to professionalize further, the Board of Directors co-opted Mrs. Vinita Sahay as additional Director on 1st April 2009.

A Notice along with Rs.500/- deposit in cash under section 257 of the Companies Act, 1956, has been received by the Company from a Member signifying his intention to propose Mrs. Vinita Sahay for directorship of the company. A brief profile of Mrs. Vinita Sahay is given below.

Mrs. Vinita Sahay is Lawyer by profession having rich experience in the field of commercial and corporate legal. Her induction to Board would be immense benefit to the company and the Board becomes more independent and professional.

Hence the Board commends the resolution set out in the item No.4 in the Notice for your approval.

None of the directors, except Mrs. Vinita Sahay is directly or indirectly interested in the above resolution.

Item No. 5

Your directors regret to inform you that during the month of June 2009, your Executive Director, Mr. Fiaz Ahmed aged 59 has undergone heart surgery. Now he is completely recovered and working normally. Keeping in view of the valubale services rendered by him since inceptin of the company under various positions in the company and after considering his financial position, the Board decided to reimburse the medical expenses incurred by him for heart surgery.

Reimbursement of Medical expenses to Mr. Fiaz Ahmed was recommended by the remuneration committee. The reibursement being part of remuneration payable to Mr. Fiaz Ahmed is within the ceiling 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 reimbursement of medical expenses to the Whole-time Director.

The Board commends the resolution set out in the item No. 5 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
For Milestone Global Limited**

Sd/-

Sunil Kumar Agarwal
Managing Director

Place: Hoskote
Date: 26-08-2009

DIRECTORS' REPORT

TO

Dear Shareholders,

Your Directors are pleased to present their 19th Annual Report together with audited accounts of your company for the year ended 31st March, 2009

1. FINANCIAL RESULTS

The Company's financial results for the year ended 31st March 2009 vis-à-vis the previous year ending 31st March 2008 are as follows:

(Rs. In Lakhs)

| | 2008-09 | 2007-08 |
|--------------------------------|---------|---------|
| Sales Turnover | 1101.51 | 1009.72 |
| Other Income | 2.08 | 7.51 |
| Total Income | 1103.59 | 1017.23 |
| Operating Expenditure | 992.09 | 889.35 |
| Operating Profit | 111.50 | 127.88 |
| Financial Cost | 45.70 | 49.81 |
| Depreciation | 72.72 | 77.03 |
| Net Profit (Loss) for the year | (6.92) | 1.04 |
| Prior Period Tax Adjustment | (0.38) | 5.42 |
| Provision for Taxation | | |
| a) Current Tax | (3.15) | (5.75) |
| b) Deferred Tax | 4.76 | 8.39 |
| c) Fringe Benefit Tax | (2.50) | (3.00) |
| Profit (Loss) after tax | (8.19) | 6.10 |
| Basic and diluted EPS Rs. | (0.16) | 0.12 |

2. REVIEW OF PERFORMANCE

Despite of recession in the global economy, during the year under a review, your Company has recorded a marginal increase in the turnover of Rs.1101.51 Lakhs as against Rs.1009.72 Lakhs previous year. However during year after charging depreciation the company has suffered a book loss of Rs.6.92 lakhs as against net profit of Rs.1.04 Lakhs in the previous year.

Your Company was not able to record significant growth in the year under review. Main Reason for marginal increase in sale turnover could be attributed to the depreciation of value of US dollar against the rupee and global recession. As a counter mechanism to reduce risk the Company continued in implementing suitable measures such as FOB billing and extending direct marketing strategy even in the Australian Continent by opening wholly own subsidiary at New Zealand.

As the global recession continued to exist, it is expected during the current financial year there will be moderate growth in the performance of the company.

3. DIVIDEND

Due to loss incurred during the financial year by the Company your directors are unable to declare any dividend. No fund was transferred to reserves.

4. 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.

5. DIRECTORS

From last annual general meeting following changes were taken place in the composition of Board.

Mr. Shashank Kumar resigned from the Board on 19th February 2009. The Board are pleased to place on record its appreciation for the valuable services rendered by him during his tenure.

Mrs. Vinita Sahay was appointed as additional director on 1st April 2009 by the Board of Directors and the term of her office expires on date of the forthcoming Annual General Meeting of the Company. The Company has received notice from a member proposing her candidature for the appointment as Director liable to retire by rotation.

During the year Mr. Alok Krishna Agarwal director retires by rotation being eligible offer himself for re-appointment.

The Board recommends his appointment for your approval.

6. SUBSIDIARY COMPANIES

As a strategy part of direct marketing, risk minimization and shareholders wealth maximization, your company carries portion of its business through wholly own subsidiaries which are formed either directly or in certain cases by acquisition of entire stake in existing enterprises as subsidiaries.

As on March 31, 2009 your company has total 3 Subsidiaries as follows:

Milestone Global (UK) Limited, United Kingdom

Milestone Global (NZ) Limited, New Zealand

ANA Hospitalities Private Limited, India

During the year under review, the overall performance of subsidiaries at UK and New Zealand is satisfactory. In order to reduce the risk associated with the International Market, your directors thought of diversification of business of the company into hospitality industry and acquired an existing company in India during the year under review. The Indian subsidiary is expected to commence its commercial operations during the current year. The management is of the view that these subsidiaries are likely to contribute highly for the growth of the company in the coming years. Detailed financial results including consolidated financial statements are presented elsewhere in this Annual Report.

7. CONSOLIDATED FINANCIAL STATEMENTS

As per section 212 of the Companies Act, 1956, the company is required to attach the Director's Report, Balance Sheet and Profit and Loss account of its subsidiary Companies to its Annual Report. The same is published in this annual report elsewhere.

As required by Accounting Standard-21 and Listing Agreement entered with Stock Exchange, the audited consolidated financial statements of the Company and its subsidiaries are attached elsewhere in this annual report.

8. CORPORATE GOVERNANCE,

Your Company has been practicing the principles of good Corporate Governance over the years and it is a continuous and ongoing process. A detailed report on corporate governance practices followed by your Company, in terms of Clause 49(VI) of the Listing Agreement entered with Stock Exchange is provided separately in this annual report, which forms part of this Board report.

9. AUDITOR AND AUDITOR'S REPORT

M/s P L Tandon & Co, Chartered Accountants, statutory auditors of the Company who retire at this conclusion of ensuing Annual General Meeting being eligible for re-appointment have expressed their willingness for the appointment as Statutory auditor and confirmed that their appointment, if made will be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. Your directors propose the re-appointment of M/s PL Tandon and Co, for the year 2009-10 in the best interest of the Company.

The Notes to Account forming part of the financial statements are self-explanatory and need no further explanation.

The qualifications and observations reported in the auditor's report were self explanatory and require any further clarification or explanation.

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 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 the requirement under sub-section (2AA) of section 217 of the Companies Act, 1956, with respect to Directors Responsibility Statement, the Board of Directors of the Company hereby state and confirm:

- a) That in the preparation of Annual Accounts for the financial year ended March 31, 2009 the applicable accounting standards have been followed and proper explanations were provided for material departures, if any.
- 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 the end of the financial year and of profit and loss account for the year.
- 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 have prepared the annual accounts for financial year ended March 31, 2009, 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. LISTING

The Equity Shares of the Company are listed in Bombay Stock Exchange Limited. Listing fees for the year 2009-2010 have already been paid to Bombay Stock Exchange Limited.

15. ACKNOWLEDGEMENTS

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

Sd/-

For and on Behalf of the Board
Alok Krishna Agarwal
Chairman

Place: Hoskote
Date: 26-08-2009

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 2008-09. There is a 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

| | 2008-09 | 2007-08 |
|-------------------------------------|-----------|-------------|
| Electricity | | |
| a. Units from (KPTCL) (In Qty) | 7,22,125 | 8,27,800 |
| Total Amount (KPTCL) (Rs.) | 33,15,330 | 37,96,162 |
| Average rate Unit.(Rs.) | 4.59 | 4.58 |
| b. Own Generation | ... | |
| Through Diesel Generator(In unit) | 66,070 | 64,000 |
| Units for liter of diesel Oil | 2.5 | 2.50 |
| Average Rate/ Unit (Rs.) | 15.6 | 12.00 |
| Total (Rs.) | 10,30,690 | 7,69,982.00 |

B. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

The Company has been constantly involved in upgrading and modernizing its plant and 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

Detailed foreign exchange earnings and outgoings have been provided at notes to accounts at appropriate places.

Sd/-
For and on Behalf of the Board
Alok Krishna Agarwal
Chairman

Place: Hoskote
Date: 26-08-2009

MANAGEMENT DISCUSSION AND ANALYSIS**Granite 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 coloured etc. These varieties are used to produce monuments, building slabs, tiles, surface plates etc. About 110 variety 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.

Granite is a non-scheduled industry and hence entrepreneurs are only required to submit Industrial Entrepreneur Memorandum. Looking at its export potential, Government of India has been encouraging setting up of 100% Export Oriented Units in this sector to promote export of value added granite products. Export of Granite and Marble is freely allowed. Granite is exported mainly to Japan, USA, UK, Germany, Netherlands, Italy, West Asia and Australia.

Over the last three decades the Indian granite industry has modernized to global standards. Sculptures and monuments made in India are being exported all over the world. With its skilled manpower and stone technology, India has contributed to the world prestigious monuments such as the Holocaust Museum and the Vietnam War Memorial in Washington; Hiroshima Atom Bomb Memorial in Japan and Black Forest of Germany.

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. Further, the global recession has dampened India's hopes for bigger exports.

Opportunities & Threats for the Indian Granite Industry:

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 up gradation 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. The following factors are motivating the growth of granite industry

1. Introduction of Stones for new applications and utilities etc.
2. Spurt in demand for Indian Granites Worldwide.
3. Increased domestic demand.

Technologies advances and market competition has changed the basis 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

The major threat areas include:

1. The Economic slowdown in major countries.
2. Non Availability of best quality blocks for processing.
3. Frequent power disruptions and high dependency on diesel affecting the Production and the cost of raw materials and finished goods.
4. Lack of Proper infrastructure..

Outlook:

Today's subdued market situation is due to several factors. The Economic crisis in USA, Europe, and other countries affected the exports to these countries. Also the recent introduction of synthetic stone like materials is affecting exports. The competition from China for rough blocks and finished products like slabs and monuments has contributed to the slow growth of exports from India.

However the future for the granite industry for both blocks and finished products is encouraging. India can improve its export performance as the processing capacity is very low, with less than 5% of gang saws installed in the world. The increase in export of blocks and finished products during the last year is an indication of the encouraging signs of market improvement. In spite of so many problems, the demand for granite products is increasing everywhere with consistent growth rate of consumption.

India, which is blessed with various types of unique colours and large deposits of granite, is certain to get its due share in the ever-growing world market. Many countries are worried about the strong entrance of China in the market but the fact is that China landed up importing more rough blocks and finished products due to high domestic demand.

The world wide improvement of transportation system with more and more bulk vessels will also help many countries to import more thereby boosting our exports.

The market potential is abundant and there are excellent prospects for the Indian granite industry to get its due share in the world market. The professional and realistic approach towards solving the practical problems and careful planning of facilities by the Industry and Government can make India the leading exporter of the world market. We have challenging years ahead but the potential for growth is beyond any reasonable doubt.

Risks and Concerns:

The world economic slowdown in major countries has affected the stone industry. This slow down may result in the delayed collection of receivables thereby affecting the liquidity and increasing the financial charges.

The increase in Competition at both National and International level may result in Lower profitability and reduction in selling price. Further unstable Currency Fluctuations too affect the Profitability of the company.

Product wise Performance:

India's Export of Granite during the last two years is as follows.

| | (Rs in Crores) | | |
|---|----------------|---------|-------------|
| | 2007-08 | 2008-09 | % in Growth |
| Total export of Granite products (Approx) | 4287.48 | 4500.00 | 4.96 |
| Our Company's Export of Granite Products | 10.09 | 11.02 | 9.21 |

Internal Control Systems and their adequacy:

The Company has adequate system of internal control relating to the purchase of raw materials, Stores, Consumables and Packing Materials, and for the sale of goods commensurate with the size of the Company and the nature of business.

The system of internal control of the Company is adequate keeping in mind the size and complexity of your Company's business. Systems are regularly reviewed to ensure effectiveness.

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

Discussion on Financial Performance with respect to operational Performance:

The turn over achieved by the Company for the year ended 31.03.2009 is Rs.11.02 Crores compared to the Previous Year turnover of Rs. 10.09 Crores showing an increase of 9.21 %. The sales

in quantity has also marginally decreased to 804.32 Cu. Mtrs from 828.98 Cu. Mtrs. The Production during the year was decreased to 808.65 Cu. Mtrs from 821.09 Cu. Mtrs of the last year. The Company has suffered net loss of Rs. 6.92 lakhs as against Profit Rs. 1.4 lakhs in the previous year. The Earning Per Share has become negative of Rs. 0.16 against positive of Rs. 0.12 in the previous year. The decrease in the EPS is due to the loss suffered by the company during the year.

However the company could successfully penetrate in Direct Marketing in the Australia Continent by establishing an wholly own subsidiary at New Zealand. This direct market arm is expected to show remarkable growth in coming years.

Human Resources / Industrial Relations

The Company continues to invest in training and education of its employees and has been organizing various training programmes from time to time.

The Company emphasizes training and motivation as it is the key to improved productivity. Intensive Induction program of new recruits and skill based training programs are being carried out. HR policies are being aligned with the current trends in the market. Various welfare activities and incentives are being carried out for staff and workers alike, making **Milestone** an enjoyable place to be associated with. The Company maintains cordial relations with its employees and takes all possible care for their welfare.

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

Cautionary Statemet

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

For us Corporate Governance is not a destination, but a journey, a journey wherein we seek to perpetually improve the conscience of the well balance interested of all the stakeholders as we walk the miles, spend the years, do create more world class monuments and spread our presence through continents to touch more and more lives and their memories. Further It is a blend of rules, regulations, laws and voluntary practices that enable Company to attract the financial & human capital and 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

a. Composition of Board

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 Non-Executive Directors. The Chairman of the Board is a non-executive director who is related of promoter. Among non-Executive Directors three are independent directors.

Composition of the Board of Directors during financial year ended March 31, 2009

| Sl. No. | Name of Director | Director Identification Number (DIN) | Category | No of other Directorships held in other Public Limited Companies as on 31-03-2009 | | Number of Committee Chairmanships/Member-ship held in other Public Limited Companies as on 31-03-2009 | |
|---------|--------------------------|--------------------------------------|----------|---|----------|---|--------|
| | | | | Chairman | Director | Chairman | Member |
| 1 | Mr. Sunil Kumar Agarwal | 00127233 | MD | - | - | - | - |
| 2 | Mr. Alok Krishna Agarwal | 00127273 | Chairman | - | 1 | - | - |
| 3 | Mr. Fiaz Ahmed | 02021233 | ED | - | 1 | - | - |
| 4 | Mr. Rajeev Kapoor | 01358390 | NEID | - | - | - | - |
| 5 | Mr. Naveen Chawla | 01754938 | NEID | - | 1 | - | - |
| 6 | Mr. Shashank Kumar | 01793645 | NEID | - | - | - | - |

MD-Managing Director, ED- Executive Director, NEID-Non-Executive Independent Director,

Mr. Shashank Kumar has resigned from the Board on 19th February 2009.

Relationship between Directors inter-se

| Name of the Director | Relationship |
|-------------------------|---|
| Mr. Sunil Kumar Agarwal | Brother-in-law- of Mr. Alok Krishna Agarwal and Husband of Mrs. Alka Agarwal, CEO |
| Mr. Alok Kumar Agarwal | Brother-in-law- of Mr. Sunil Kumar Agarwal and Brother of Mrs. Alka Agarwal, CEO |

b. Board Meetings

Five Board Meetings were held during the financial year ended March 31, 2009. These meetings were held on June 28, 2008, July 30, 2008, October 31, 2008, January 31, 2009 and March 26, 2009.

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

c. Directors' Attendance Record

The attendance of Directors at the Board Meetings held during the financial year ended march 31, 2009 and at the previous Annual General Meeting.

| Sl. No | Name of Director | Board Meetings during the period April 01, 2008 to March 31, 2009 | | Whether present at the previous AGM held on September 27, 2008 |
|--------|--------------------------|---|----------|--|
| | | Held | Attended | |
| 1 | Mr. Sunil Kumar Agarwal | 5 | 5 | Yes |
| 2 | Mr. Alok Krishna Agarwal | 5 | 5 | Yes |
| 3 | Mr. Fiaz Ahmed | 5 | 5 | Yes |
| 4 | Mr. Rajeev Kapoor | 5 | 5 | Yes |
| 5 | Mr. Naveen Chawla | 5 | 5 | NO |
| 6 | Mr. Shashank Kumar * | 4 | 4 | NO |

* Resigned as Director with effect from February 19, 2009

d. Profile of Directors being appointed in the Annual General Meeting to be held on September 26, 2009

| | | |
|---|---|---|
| Name | Mr. Alok Krishna Agarwal | Mrs. Vinita Sahay |
| Age | 43 Years | 40 Years |
| No. of shares held in the Company | -Nil- | -Nil- |
| Qualification | B. Com, LL.B. | B.ED, MA, LL.B. |
| Expertise in Specific functional Area | Currently practicing as lawyer before Supreme Court of India. Expert in Corporate and Commercial Law. | Currently working for Juris Consultants, a legal firm Expert in the Criminal, Civil and arbitration matters |
| List of Public Limited Companies in which outside Directorship held | Wearit Global Ltd. | -Nil- |
| Chairman/Member of the Committee(s) of Board of Director of the Company | Member-Audit Committee Member - Remuneration Committee Chairman-Share Transfer/Investors Grievance Committee | Member-Remuneration Committee Member - Share Transfer Investor Grievance Committee |
| Chairman/Member of the Committee(s) of Board of Director of the other Companies in which he/she is a Director | Nil | Nil |

e. Code of Conduct

As per requirement of Clause 49 of the Listing Agreement with the stock exchange, the Board has laid down a code of conduct for all Board members, senior management personal and designated employees of the company. The code of conduct is made available at the Registered Offices. The same is expected to be placed at website of the company. All Board members and senior management personnel affirm compliance with the code on an annual basis and the declaration to that effect by the Mrs. Alka Agarwal-CEO is attached to this report.

A code of business conduct and ethics applicable to all the employees of the group has been communicated which are to be followed in day to day work life which will enable the employees to maintain highest standards of values in their conduct to achieve organizational objectives.

f. Whistleblower Policy

To maintain the high level of legal, ethical and moral standards and to provide a gateway for employees to voice concern in a responsible and effective manner about the serious malpractice, impropriety, abuse or wrongdoing within the organization. This mechanism was kept informed to all concerned.

g. Risk Management

The risk is an inherent aspect of any business. The granite industry is not an exception to this rule. The risk can be classified as Business Risks, Financial Risks, Legal and Statutory Risks, Organizational and Management risks and Political risks. The risk management function is integral to the Company and its objectives include ensuring the critical risks are identified continuously, monitored and managed effectively in order to protect the Company's businesses and ultimately the interest of all stakeholders.

h. Subsidiary Companies

The Company monitors the performance of its subsidiary companies, inter alia, by the following means:

- i. The financial statements are reviewed by the Audit Committee of the Company periodically.
- ii. The details of significant transactions and arrangements, if any, entered into by the subsidiary companies are placed before the board of the Company periodically.

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.

It consists of three Non-Executive Directors among them two are independent directors and it is headed by Mr. Rajeev Kapoor, Chartered Accountant. The constitution of audit committee meets the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange.

Mr. D. Durga Prasad, company secretary acted as secretary to Audit committee.

During the financial year ended on March 31, 2009, the committee met 4 times on June 28, 2008, July 30, 2008, October 31, 2008 and January 31, 2009 and the attendance of the members at the meetings of the committee is given below:

| Name of the members | Status | No. of meetings attended |
|--------------------------|----------|--------------------------|
| Mr. Rajeev Kapoor | Chairman | 4 |
| Mr. Alok Krishna Agarwal | Member | 4 |
| Mr. Naveen Chawla | Member | 4 |

The functions of the audit committee include:

- i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees and also payment for other services.

- iii. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- vi. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- vii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- viii. Discussion with internal auditors any significant findings and follow up there on.
- ix. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- x. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xi. To look into the reasons for substantial defaults in the payment to shareholders (in case of non-payment of declared dividends) and creditors.
- xii. To review the functioning of the Whistle Blower mechanism.

4. REMUNERATION COMMITTEE:

The constitution of remuneration committee meets the requirement of Schedule XIII of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange. During the financial year the remuneration was reconstituted. The committee presently consists of the following three Non-Executive Independent Directors. The Committee met once during the year.

| Name of Member | Status | No. of Meeting Attended |
|--------------------|----------|-------------------------|
| Mr. Naveen Chawla | Chairman | 1 |
| Mr. Shashank Kumar | Member | 1 |
| Mr. Rajeev Kapoor | Member | 1 |

Mr. Shashank Kumar had resigned from the Board on February 19, 2009.

The terms of reference of the remuneration committee are as under:

- i. Meetings of the committee shall be held whenever matters pertaining to the remuneration payable, including any revisions in remuneration payable to Executive/ Non Executive Directors/ relative to directors

- ii. Payment of remuneration shall be approved by a resolution passed by the Remuneration Committee
- iii. All information about the Directors/Managing Director/whole time Directors. i.e. background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to shareholders
- iv. The Committee shall take into consideration and ensure the compliance of provisions under Schedule XIII of the Companies Act, 1956 for appointing and fixing remuneration of Managing Director/ Whole time Directors.
- v. While approving the remuneration, the committee shall take into account financial position of the Company, Trend in the industry, qualification, experience and past performance of the appointee.
- vi. The Committee shall be in position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and the shareholders.
- vii. Following disclosure on the remuneration of Directors shall be made in the section on the Corporate Governance of the Annual Report.
 - All elements of remuneration package of all the Directors i.e. salary, benefits, bonus, stock options, pension etc
 - Details of fixed component and performance linked incentives, along with the performance criteria.
 - Service Contracts, notice period, severance fees.

Remuneration Policy

Remuneration of the Executive Chairman, Managing Director or Executive Director is determined periodically by the Remuneration Committee within the permissible limits under the applicable provisions of law and as approved by shareholders. Non-Executive Directors are paid sitting fees within the limits prescribed under law.

5. SHARE HOLDERS' GRIEVANCE COMMITTEE

The composition of Shareholders' Grievance committee meets the requirements of Clause 49 of the Listing Agreement with the Stock Exchange. The functions of committee include the matters relating to transfer and transmission of shares, issue of duplicate share certificates, review and redressal of investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. Details of shares transfers/transmissions approved by the committee and Shareholders'/investors' grievances are placed before the Board Meetings from time to time.

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 3 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 | 3 |
| Mr. Fiaz Ahmed | Member | 3 |
| Mr. Shashank Kumar | Member | 3 |

During the year under review, the Company had received 13 request letters/ complaints from the investors and all the 13 request complaints were attended/ resolved.

6. DETAILS OF REMUNERATION PAID DURING THE FINANCIAL YEAR ENDED MARCH 31, 2009 TO THE DIRECTORS ARE FURNISHED UNDER.

- i) Executive Directors

| Name of the director | Salary (Rs.) | Perquisites (Rs.) | Sitting Fee (Rs.) | Total (Rs.) | No. of shares held |
|-------------------------|--------------|-------------------|-------------------|-------------|--------------------|
| Mr. Sunil Kumar Agarwal | 1440000 | ... | Nil | 1440000 | 476385 |
| Mr. Fiaz Ahmed | 190320 | ... | Nil | 190320 | 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 hold any equity shares in the Company

The Company does not have any stock option plan or performance-linked incentive for the Directors.

(iii.) 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 March 31, 2009.

7. GENERAL BODY MEETINGS

Venue, date and time the Annual General Meetings held during the preceding three years and the Special Resolutions passed at are as under.

| Year | Venue | Date and Time | Special Resolution |
|---------|-------------------|---------------------|--|
| 2007-08 | Registered Office | 27-09-2008 10:00 am | No special resolution passed |
| 2006-07 | Registered Office | 28-09-2007 10:00 am | 1. Approval under section 314(1B) of the Companies Act, 1956 for the payment of Remuneration to Mrs. Alka Agarwal, Chief Executive Officer, who is spouse of Mr. Sunil Kumar Agarwal |
| 2005-06 | Registered Office | 02-09-2006 11:00 am | No special resolution passed |

No special resolution was put in the last AGM through postal ballot 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 2008-09, no extra ordinary general meeting was 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. However as a strategy of risk diversification to enter into hospitality industry during the financial year the company has acquired M/s ANA Hospitality Private Limited from Mr. Sunil Kumar Agarwal and Mrs. Alka Agarwal.

- 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 Company has been sending Annual Reports, notices and other communications to each household of shareholders through post or courier.

The quarterly/ annual results including consolidated ones of the Company as per the statutory requirement under Clause 41 of the Listing Agreement with Stock Exchange are generally published in leading newspapers the Business Standard /"Financial Express"(English Daily) and Sanjevani (A regional daily in Kannada language) within forty-eight hours of approval thereof.

Quarterly shareholding patterns are posted at BSE website (www.bseindia.com).

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

10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

MDA forms part of the Director's Report and the same is attached separately in this Annual Report.

11. GENERAL SHAREHOLDERS INFORMATION:

a) Ensuing Annual General Meeting

The 19th Annual General Meeting of the Company will be held on Saturday, September 26, 2009, 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

The Financial year is 1st April to 31st March and financial results are proposed to be declared as per the following tentative schedule.

| Particulars | Tentative Schedule |
|--|----------------------------------|
| Financial Reporting for the quarter ending June 30, 2009 | Second fortnight of July 2009 |
| Financial Reporting for the quarter/Half year ending September 30, 2009 | Second fortnight of October 2009 |
| Financial Reporting for the quarter/nine months ending December 31, 2009 | Second fortnight of January 2010 |
| Financial Reporting for the quarter/year ending March 31, 2010 | Second fortnight of June 2010 |
| Annual General Meeting for the year ending March 31, 2010 | September 2010 |

e) Listing on Stock Exchanges:-

The names and address of the stock exchange 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. | Bombay Stock Exchange Limited , Phiroze Jeejeebhoy Towers, Dalal Street MUMBAI - 400 001 | 531338 |

f) Date of Book Closure

The Register of Members and Transfer books of the Company will remain closed from Friday, September 25, 2009 to Saturday, September 26, 2009 (both days inclusive) for the purpose of the 13th Annual General Meeting.

g) Listing fee

The Company has paid Annual Listing Fees for the year 2009-2010 to Bombay Stock Exchange Limited, 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

An on March 31, 2009 the distribution of Company's shareholding was as follows :

| Shareholding of Nominal value shares | No. of shares | % to total shares | No. of shareholders | % Total share holders |
|--------------------------------------|---------------|-------------------|---------------------|-----------------------|
| Upto 5000 | 405905 | 8.09 | 600 | 94.64 |
| 5001 to 10000 | 75100 | 1.50 | 10 | 1.58 |
| 10001 to 20000 | 45200 | 0.90 | 3 | 0.47 |
| 20001 to 30000 | 24000 | 0.48 | 1 | 0.16 |
| 30001 to 40000 | 273300 | 5.45 | 7 | 1.10 |
| 40001 to 50000 | -- | -- | -- | -- |
| 50001 to 100000 | 435000 | 8.67 | 5 | 0.79 |
| 100001 & above | 3758995 | 74.92 | 8 | 1.26 |
| Grand Total | 5017500 | 100.00 | 634 | 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 to 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:

Mr. Gururaj
Compliance Officer
Milestone Global Limited. 54B,
Hoskote Industrial Area (KIADB),
Chintamani Road, Hoskote-562114, Karnataka,
Phone: 080- 27971334/1345.
E-Mail : alkasgl@yahoo.com

n) Outstanding GDRs/ADGRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.

Not applicable

o) Prevention of Insider Trading;

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has instituted a comprehensive code of conduct for prohibition of insider trading in the Company's shares.

p) Secretarial Audit for Reconciliation of Capital

As stipulated by SEBI, a qualified practicing company secretary carries out the secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL) and the total issued and paid-up capital. This audit is carried out every quarter and the report there on is submitted to the stock exchanges, NSDL and CDSL.

The audit , inter alia confirms that the total listed and paid-up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSL and total number of shares in physical form.

q) Corporate Identity Number (CIN)

Corporate Identity Number (CIN) of the Company allotted by the Ministry of Corporate Affairs, Government of India is L8511 OKA 1990PLC011082.

r) Compliance Certificate of the auditors

Certificate from the auditors of the Company, M/s P L Tandon, Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed herein after.

s) Unclaimed Shares

As per the provisions of Clause 5A(a) of Listing Agreement, the unclaimed shares laying in the escrow account shall be transferred to demat suspense account if there is not response even after sending three reminder notices to the persons concerned. As on March 31, 2009 there are not unclaimed equity shares of the Company.

t) 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 scrip-less trading, members are encouraged to consider dematerialization of their shares so as to avoid inconvenience in future.

To

The Members of Milestone Global Limited

Sub; - Declaration By the CEO under Clause 49(1) (D) (II) of the Listing Agreement.

I, Alka Agarwal, Chief Executive Officer of Milestone Global Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the code of conduct of the Company the year ended March 31, 2009.

Place : Hoskote
Date : 26-08-2009

Sd/-
Alka Agarwal
Chief Executive Officer

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 March 31, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s) in India.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (As stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and 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 explanations 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**

Sd/-
(P.P.SINGH)
Partner
Member No. 72754

Place: Kanpur
Date: 26.08.2009

CERTIFICATE BY CEO/CFO

To

The Board of Directors
Milestone Global Limited

I hereby certify that:

- a) I have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2009 and to the best of my 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.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d) I have indicated to the auditors and the Audit Committee:
 - i. Significant changes in internal control over financial reporting during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which I 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
- e) The disclosures have been received from the senior management personnel relating to the financial and commercial transactions in which they or their relatives may have personal interest. However, none of these transactions have conflict with the interest of the

Company at large.

Place: Hoskote
Date: 26.08.2009

Sd/-
Alka Agarwal
Chief Executive

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, 2009, 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 mis statement. 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 (he 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 except leave encashment is accounted for on payment basis.
 - e). On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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, 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 the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

Place: HOSKOTE.
Date : 30-06-2009

Sd/-
(P.P.SINGH)
Partner
Membership No. 72754

ANNEXURE TO THE AUDITORS' 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 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) In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us:-
 - (a) The Company had granted interest free unsecured loans to a Company. The maximum amount involved during the year was **Rs.42.65** Lacs and the year end balance of such loan granted was Rs.42.65 Lacs.
 - (b) The above loans is interest free and other terms and conditions on which loan has been granted to such party is not prima facie prejudicial to the interest of the Company.
 - (c) No terms and conditions for repayment of the loan are stipulated .
 - (d) There is no overdue amount of such loans.
 - (e) The Company has not taken any Loan from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not taken any Loans, Secured or Unsecured, from parties listed in the register maintained under section 301 of the Companies Act, 1956, the provisions of clause 4(iii)(f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (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 income tax, sales tax, wealth tax, services tax, custom duty, excise duty were in arrear as at 31st March, 2009 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 temporary short term funds have 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.

Place: HOSKOTE.
Date : 30-06-2009

For P.L. TANDON & CO.,
CHARTERED ACCOUNTANTS
Sd/-
(P.P.SINGH)
Partner Membership No.72754

MILESTONE GLOBAL LIMITED
BALANCE SHEET AS AT 31st, March, 2009

| | | [Amount in Rs] | |
|---|-----------------------|-----------------------|-----------------------|
| SCHEDULES | AS AT | AS AT | AS AT |
| | 31.03.2009 | 31.03.2009 | 31.03.2008 |
| SOURCES OF FUNDS : | | | |
| SHARE HOLDERS FUNDS:- | | | |
| Share Capital | '1' 50,175,000.00 | 50,175,000.00 | 50,175,000.00 |
| Reserves and Surplus | '2' 35,094,000.03 | 35,913,750.05 | 35,913,750.05 |
| | <u>85,269,000.03</u> | <u>86,088,750.05</u> | <u>86,088,750.05</u> |
| LOAN FUNDS | | | |
| Secured Loans | '3' 38,833,043.98 | 44,225,119.89 | 44,225,119.89 |
| Unsecured Loans | '4' - | 1,400,000.00 | 1,400,000.00 |
| | <u>38,833,043.98</u> | <u>45,625,119.89</u> | <u>45,625,119.89</u> |
| Deferred Tax liability (Net) | 1,571,370.00 | 2,047,420.00 | 2,047,420.00 |
| | <u>40,404,413.98</u> | <u>47,672,539.89</u> | <u>47,672,539.89</u> |
| TOTAL | <u>125,673,414.01</u> | <u>133,761,289.94</u> | <u>133,761,289.94</u> |
| APPLICATION OF FUNDS : | | | |
| FIXED ASSETS: | | | |
| '4A | | | |
| Gross Block | 139,565,690.19 | 137,827,407.19 | 137,827,407.19 |
| Less: Depreciation | 88,380,455.66 | 81,107,853.63 | 81,107,853.63 |
| Net Block | <u>51,185,234.53</u> | <u>56,719,553.56</u> | <u>56,719,553.56</u> |
| INVESTMENT | '5' 7,250,874.00 | 7,147,980.00 | 7,147,980.00 |
| (Investment in Wholly owned Subsidiaries) | | | |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| '6' | | | |
| Inventories | 36,858,392.00 | 41,117,468.00 | 41,117,468.00 |
| Sundry Debtors | 23,144,389.00 | 25,577,670.00 | 25,577,670.00 |
| Cash and Bank balances | 3,076,748.87 | 2,974,971.50 | 2,974,971.50 |
| Loans and Advances | 10,300,608.31 | 7,079,126.15 | 7,079,126.15 |
| | <u>73,380,138.18</u> | <u>76,749,235.65</u> | <u>76,749,235.65</u> |
| Less: | | | |
| CURRENT LIABILITIES AND PROVISIONS | | | |
| '7' | | | |
| Current Liabilities | 6,142,832.70 | 6,776,342.27 | 6,776,342.27 |
| Provisions [Net Of Advance] | - | 79,137.00 | 79,137.00 |
| | <u>6,142,832.70</u> | <u>6,855,479.27</u> | <u>6,855,479.27</u> |
| NET CURRENT ASSETS | <u>67,237,305.48</u> | <u>69,893,756.38</u> | <u>69,893,756.38</u> |
| TOTAL | <u>125,673,414.01</u> | <u>133,761,289.94</u> | <u>133,761,289.94</u> |

NOTES AND CONTINGENT LIABILITIES

As per our report of even date attached

FOR P.L.TANDON & CO
CHARTERED ACCOUNTANTS

Sd/-
[P.P.Singh]
PARTNER

For and on Behalf of the Board of Director

Sd/-
[SUNIL KUMAR AGARWAL]
Managing Director

Sd/-
[FIAZ AHMED]
Director

PLACE :- HOSKOTE
DATE :- 30.06.2009

MILESTONE GLOBAL LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

| | SCHEDULES | 2008-09 AMOUNT(Rs.) | 2007-08 AMOUNT(Rs.) |
|--|-----------|------------------------|------------------------|
| <u>INCOME</u> | | | |
| Sales | | 110,151,756.00 | 100,972,849.00 |
| Other Income | 8 | 208,064.27 | 751,070.35 |
| | | <u>110,359,820.27</u> | <u>101,723,919.35</u> |
| <u>EXPENDITURE</u> | | | |
| Material consumed | 9 | 55,925,976.51 | 51,562,367.07 |
| Manufacturing & Other expenses | 10 | 43,283,499.66 | 37,372,966.60 |
| Interest | | 4,570,612.09 | 4,981,001.43 |
| Depreciation | | 7,272,602.03 | 7,703,349.00 |
| | | <u>111,052,690.29</u> | <u>101,619,684.10</u> |
| PROFIT / [LOSS] BEFORE TAX | | (692,870.02) | 104,235.25 |
| Excess Provision of Tax Written Back | | 25,650.00 | 542,187.00 |
| Income Tax & FBT Paid for Earlier Year | | (63,580.00) | - |
| PROVISION FOR TAXATION: | | | |
| Current Tax | | (315,000.00) | (575,000.00) |
| Defferred Tax Credit | | 476,050.00 | 838,690.00 |
| Fringe Benefit Tax | | (250,000.00) | (300,000.00) |
| PROFIT / (LOSS) AFTER TAX | | (819,750.02) | 610,112.25 |
| Balance brought forward from previous year | | 19,485,680.05 | 18,875,567.80 |
| BALANCE CARRIED TO BALANCE SHEET | | 18,665,930.03 | 19,485,680.05 |
| Basic and Diluted Earning Per Share [Face Value of Rs 10/- each] | | (0.16) | 0.12 |
| NOTES AND CONTINGENT LIABILITIES | 11 | | |

As per our report of even date attached

FOR P.L.TANDON & CO
CHARTERED ACCOUNTANTS

Sd/-
[P.P.Singh]
 PARTNER

For and on Behalf of the Board of Directors

Sd/-
[SUNIL KUMAR AGARWAL]
 Managing Director

Sd/-
[FIAZ AHMED]
 Director

PLACE :- HOSKOTE
 DATE :- 30.06.2009

MILESTONE GLOBAL LIMITED

[Amount In Rs]

| | AS AT 2008-09 | AS AT 31.03.2008 |
|---|----------------------|---------------------|
| <u>SCHEDULE '1' - SHARE CAPITAL</u> | | |
| Authorized Share Capital | | |
| 52,50,000 equity shares of Rs. 10 each | 52,500,000.00 | 52,500,000.00 |
| <u>ISSUED, SUBSCRIBED, CALLED UP AND PAID UP CAPITAL</u> | | |
| 5017500 Equity Shares of Rs 10 each | 50,175,000.00 | 50,175,000.00 |
| | 50,175,000.00 | 50,175,000.00 |
| <u>SCHEDULE '2' - RESERVES AND SURPLUS</u> | | |
| <u>Securities Premium</u> | | |
| As per Last Balance Sheet | 15082070.00 | 15,082,070.00 |
| <u>Subsidy</u> | | |
| As per Last Balance Sheet | 1,346,000.00 | 1,346,000.00 |
| <u>Profit & Loss Account</u> | | |
| Balance as per Profit & Loss Account | 18,665,930.03 | 19,485,680.05 |
| | 35,094,000.03 | 35,913,750.05 |
| <u>SCHEDULE '3'- SECURED LOANS</u> | | |
| Term Loan From Bank | 1,978,620.00 | 2,733,624.00 |
| Export Credit Loans | 35,564,695.16 | 39,105,738.16 |
| Vehicle Loans | 1,289,728.82 | 2,385,757.73 |
| | 38,833,043.98 | 44,225,119.89 |
| <u>SCHEDULE '4'- UNSECURED LOANS</u> | | |
| From Director | - | 1,400,000.00 |
| | - | 1,400,000.00 |
| <u>SCHEDULE '5'- INVESTMENTS [AT COST]</u> | | |
| <u>LONG TERM INVESTMENTS</u> | | |
| Unquoted fully paid up Equity Shares | No of | |
| IN Subsidiary Companies | Shares | |
| Milestone Global (UK) Limited (US\$1/- each) | 87331 | 7,147,980.00 |
| Milestone Global (NZ) Limited (NZ\$1/- each) | 100 | 2,894.00 |
| Ana Hospitalities Pvt Limited (Rs10/- each) | 10000 | 100,000.00 |
| | | 7,250,874.00 |
| | | 7,147,980.00 |

| MILESTONE GLOBAL LIMITED | | | | | | | | | | | SCHEDULE "4A" | |
|-------------------------------|--------------------------------------|-----------------------|----------------------------|----------------------------|-----------------------|----------------------|---------------------|------------|----------------------|----------------------|----------------------|--|
| FIXED ASSETS AS ON 31.03.2009 | | | | | | | | | | | | |
| | | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
| SI. NO. | PARTICULARS | AS AT 01.04.2008 | ADDITIONS from the year | DEDUCTION from the year | AS AT 31.03.2009 | AS AT 01.04.2008 | FOR THE YEAR | DEDUCTION | AS AT 31.03.2009 | AS AT 31.03.2009 | AS AT 31.03.2008 | |
| 1 | Land | 1,213,103.00 | - | - | 1,213,103.00 | - | - | - | - | 1,213,103.00 | 1,213,103.00 | |
| 2 | Factory Building | 20,868,908.29 | 577,217.00 | - | 21,446,125.29 | 9,931,159.66 | 1,093,933.00 | - | 11,025,092.66 | 10,421,032.63 | 10,937,748.63 | |
| 3 | Office Building | 5,429,174.60 | - | - | 5,429,174.60 | 898,638.15 | 226,526.82 | - | 1,125,164.97 | 4,304,009.63 | 4,530,536.45 | |
| 4 | Non-Factory Building | 1,430,910.00 | - | - | 1,430,910.00 | 72,290.36 | 67,930.98 | - | 140,221.34 | 1,290,688.66 | 1,358,619.64 | |
| 5 | Plant & Machinery | 98,225,194.76 | 814,347.00 | - | 99,039,541.76 | 63,869,487.62 | 4,782,602.99 | - | 68,652,090.61 | 30,387,451.15 | 34,355,707.14 | |
| 6 | Furnitures Fixtures- & Equipments | 4,310,380.69 | 120,504.00 | - | 4,430,884.69 | 2,654,310.26 | 308,499.16 | - | 2,962,809.42 | 1,468,075.27 | 1,656,070.43 | |
| 7 | Vehicles | 4,980,516.27 | 48,205.00 | - | 5,028,721.27 | 2,656,330.80 | 607,954.66 | - | 3,264,285.46 | 1,764,435.81 | 2,324,185.47 | |
| 8 | Computer | 1,369,219.58 | 178,010.00 | - | 1,547,229.58 | 1,025,636.78 | 185,154.42 | - | 1,210,791.20 | 336,438.38 | 343,582.80 | |
| | TOTAL | 137,827,407.19 | 1,738,283.00 | - | 139,565,690.19 | 81,107,853.63 | 7,272,602.03 | - | 88,380,455.66 | 51,185,234.53 | 56,719,553.56 | |
| | PREVIOUS YEAR | 129,920,654.19 | 8,494,280.00 | 587,527.00 | 137,827,407.19 | 73,737,570.63 | 7,703,349.00 | 333,066.00 | 81,107,853.63 | 56,719,553.56 | | |

MILESTONE GLOBAL LIMITED

[Amount In Rs]

| | AS AT 2008-09 | AS AT 2007-08 |
|---|--------------------------|--------------------------|
| SCHEDULE '6': CURRENT ASSETS LOANS & ADVANCES | | |
| <u>INVENTORIES:</u> | | |
| (As Certified and valued by a Director) | | |
| Raw Materials | 14,518,130.00 | 12,856,468.00 |
| Work in Process (Semi Finished) | 18,866,484.00 | 21,921,000.00 |
| Finished Goods | 475,000.00 | 498,000.00 |
| Stores and Spares | 2,998,778.00 | 5,842,000.00 |
| | 36,858,392.00 | 41,117,468.00 |
| <u>SUNDRY DEBTORS</u> | | |
| (Unsecured considered good) | | |
| Less than Six Months | 23,144,389.00 | 25,577,670.00 |
| | 23,144,389.00 | 25,577,670.00 |
| <u>CASH & BANK BALANCES</u> | | |
| Cash on Hand | 1,971,268.90 | 841,615.90 |
| Balance with scheduled Bank | | |
| in Current Account | 511,673.97 | 1,576,129.68 |
| in Deposit Account | | |
| (Fixed Deposit pledged with Banks) | 593,806.00 | 557,225.92 |
| | 3,076,748.87 | 2,974,971.50 |
| <u>LOANS AND ADVANCES</u> | | |
| Advances recoverable in Cash or in kind or for value to be received | 5,931,003.31 | 7,059,027.80 |
| Loan to Subsidiary Company | 4,265,000.00 | - |
| Advance tax and TDS (Net of Provisions) | 82,001.00 | - |
| <u>OTHER CURRENT ASSETS</u> | | |
| Interest accrued on Fixed Deposit | 22,604.00 | 20,098.35 |
| | 10,300,608.31 | 7,079,126.15 |
| SCHEDULE '7': CURRENT LIABILITIES & PROVISIONS | | |
| <u>CURRENT LIABILITIES</u> | | |
| Sundry Creditors | 3,611,735.70 | 3,312,457.99 |
| Other Liabilities | 2,521,013.00 | 3,448,314.28 |
| Interest Accrued But not due | 10,084.00 | 15,570.00 |
| | 6,142,832.70 | 6,776,342.27 |
| <u>PROVISIONS</u> | | |
| Provision for Taxation (Net of Advances) | - | 79,137.00 |
| | - | 79,137.00 |

MILESTONE GLOBAL LIMITED

[Amount In Rs]

**SCHEDULE 8 :
OTHER INCOME**

| | <u>2008-09</u> | <u>2007-2008</u> |
|-------------------|-------------------|-------------------|
| Exchange Gain | 163,100.54 | 674,701.00 |
| Interest received | 44,963.73 | 76,369.35 |
| | <u>208,064.27</u> | <u>751,070.35</u> |

SCHEDULE - 9**COST OF MATERIALS**

| | | |
|---------------------------|----------------------|----------------------|
| Raw Material Consumed | 40,925,929.00 | 44,329,504.00 |
| Packing Material Consumed | 3,248,988.00 | 4,012,272.00 |
| Stores & Spares Consumed | 8,673,543.51 | 6,799,591.07 |
| | <u>52,848,460.51</u> | <u>55,141,367.07</u> |

Stock at Commencement

| | | |
|-----------------|----------------------|----------------------|
| Finished Goods | 498,000.00 | 1,406,000.00 |
| Work in Process | 21,921,000.00 | 17,434,000.00 |
| | <u>22,419,000.00</u> | <u>18,840,000.00</u> |

Less: Stock at close

| | | |
|-----------------|----------------------|----------------------|
| Finished Goods | 475,000.00 | 498,000.00 |
| Work in Process | 18,866,484.00 | 21,921,000.00 |
| | <u>19,341,484.00</u> | <u>22,419,000.00</u> |

**Increase/(decrease) in process
and finished Stock**

| | | |
|--|----------------|--------------|
| | (3,077,516.00) | 3,579,000.00 |
|--|----------------|--------------|

MATERIALS CONSUMED

| | | |
|--|----------------------|----------------------|
| | <u>55,925,976.51</u> | <u>51,562,367.07</u> |
|--|----------------------|----------------------|

SCHEDULE - 10:**MANUFACTURING & OTHER EXPENSES****Manufacturing Expenses**

Payments to and Provisions for Employees:

| | | |
|--|----------------------|----------------------|
| Salary, Wages, Bonus, etc., | 17,979,784.00 | 16,673,500.00 |
| Company's Contribution to PF, ESI, etc., | 890,761.00 | 951,004.00 |
| Staff Welfare | 193,779.00 | 333,532.00 |
| Repairs & Maintenance | 1,810,467.77 | 1,947,644.00 |
| Power & Fuel | 4,345,807.00 | 4,566,144.00 |
| Loss on sale of fixed assets | - | 4,461.00 |
| Sculpturing | - | 236,043.00 |
| | <u>25,220,598.77</u> | <u>24,712,328.00</u> |

ADMINISTRATIVE EXPENSES

| | | |
|------------------------|---------------------|---------------------|
| Rates & Taxes | 143,814.00 | 271,039.00 |
| Insurance | 369,250.00 | 72,383.00 |
| Travelling Expenses | 1,749,998.95 | 3,416,240.42 |
| Miscellaneous Expenses | 4,688,370.39 | 4,068,784.18 |
| | <u>6,951,433.34</u> | <u>7,828,446.60</u> |

SELLING & DISTRIBUTION EXPENSES

| | | |
|-------------------------------|----------------------|----------------------|
| Selling expenses | - | 326,152.00 |
| Forwarding & Shipping Charges | 11,111,467.55 | 4,475,381.00 |
| Sales Commission | - | 30,659.00 |
| | <u>11,111,467.55</u> | <u>4,832,192.00</u> |
| | <u>43,283,499.66</u> | <u>37,372,966.60</u> |

INTEREST

| | | |
|-------------------------|-------------------|-------------------|
| Interest on Fixed Loans | 503979.09 | 623500.86 |
| Interest paid others | 4066633.00 | 4357500.57 |
| | <u>4570612.09</u> | <u>4981001.43</u> |

MILESTONE GLOBAL LIMITED (STAND ALONE)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

| PARTICULARS | 31.03.2009 | 31.03.2008 |
|--|---------------------|---------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit /(Loss) before tax | (692,870) | 104,235 |
| ADJUSTMENT FOR | | |
| Depreciation | 7,272,602 | 7,703,349 |
| Interest Received | (44,963) | (76,369) |
| interest Paid | 4,570,612 | 4,981,001 |
| Profit/Loss on sale of Fixed Assets(Net) | - | 4,461 |
| Exchange (Gain)/ Loss | (163,100) | (674,701) |
| Operating Profit before working capital changes | 10,942,281 | 12,041,976 |
| (Increase)/Decrease in Sundry Debtors | 2,433,281 | 8,986,309 |
| (Increase)/Decrease in Inventories | 4,259,076 | (487,778) |
| (Increase)/Decrease in Loans and advances | 1,128,024 | (2,532,641) |
| Increase/(Decrease) in Current liabilities | (530,918) | (2,086,502) |
| Cash Generated from Operations | 18,231,744 | 15,921,364 |
| Income Tax Paid | (764,068) | 711,544 |
| Net cash from operating activities[A] | 17,467,676 | 15,209,820 |
| B CASH FLOW FROM INVESTING ACTIVITIES(B) | | |
| Purchase of fixed assets | (1,738,283) | (3,414,981) |
| Sale of fixed assets | - | 250,000 |
| Loan to Subsidiary Company | (4,265,000) | - |
| Interest Received | 42,458 | 65,741 |
| Investment in wholly owned subsidiary | (100,000) | - |
| Net cash used in Investing Activity [B] | (6,060,825) | (3,099,240) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of Loan Unsecured | (1,400,000) | - |
| Repayment of long term borrowings | (755,004) | (141,571) |
| Proceeds from long term borrowings | - | 1400,000 |
| Exchange Gain | 163,100 | 674,701 |
| Cash Credit Account | (3, 541,043) | (7,145,196) |
| Repayment of Vehicle Loan | (1,096,029) | (444,830) |
| Interest Paid | (4,576,098) | (4,965,431) |
| Net Cash used in Financing Activities [C] | (11,205,074) | (10,622,327) |
| Net Increase in cash and cash equivalents (A+B+C) | 201,777 | 1,488,253 |
| Cash and Cash Equivalent at the beginning of the year | 2,974,971 | 1,486,718 |
| Cash and Cash Equivalent at the End of the year | 3,176,748 | 2,974,971 |

As per our report of even date attached

FOR P L TANDON & CO
CHARTERED ACCOUNTANTS

Sd/-
P P Singh
 Partner

Place : Hoskote
 Date : 30.06.2009

For and on Behalf of the Board of Director

Sd/-
(SUNIL KUMAR AGARWAL) (FIAZ AHMED)
 Managing Director Director

MILESTONE GLOBAL LIMITED
SIGNIFICANT ACCOUNTING POLICIES AND
NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT
SCHEDULE: 11

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, 2009 Rs. Amount Indeterminate | As at 31 st March, 2008 Rs. Amount Indeterminate |
|---|---|---|
| a) In respect of Claims (including claims made by Employees) not acknowledged as debts. | Indeterminate | 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 31-03-2009 are as under :

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. | 1669490 | 2165540 |
|---|---------|---------|

Deferred Tax Assets:

- i). Items under the Income Tax Act which will be allowed on actual payment. 98,120 1, 18,120
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 : | 2008-2009 Rs. | 2007-2008 Rs. |
|-------------------------------|------------------|------------------|
| Audit Fee | 70,000 | 70000 |
| Tax Audit | 20,000 | 20000 |
| In other capacity | 30,000 | 30000 |
| Service Tax on above | 12360 | 14832 |
| | <u>132368</u> | <u>134832</u> |

8. Earning Per Share (EPS):

| | | |
|---|------------|------------|
| a) Net Profit available for Equity Shareholder. (Numerator used for calculation) | (819750) | 610112 |
| 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. | (0.16) | 0.12 |

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.

Milestone Global (NZ) Limited New Zealand

ANA Hospitality Pvt. Limited

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 Companies | Key Management Personnel and their Relative |
|--|---------------------------------|--|
| | Rs. | Rs. |
| Sales of Finished Goods | 56949831 (4,90,97,327) | - (Nil) |
| Equity contribution | - | - |
| | (-) | (-) |
| Remuneration | - | 26,40,000 (1940000) |
| | - | - |
| <u>Unsecured Loan</u> | | |
| Balance at the beginning of the year | NIL (NIL) | 1400000 (NIL) |
| Amount paid during the year | 4265000 (NIL) | NIL (1400000) |
| Amount received during the year | NIL (NIL) | 1400000 (NIL) |
| Closing Balance at the end of the year : | | |
| Outstanding Payable | NIL (107012) | - (-) |
| Outstanding Receivable | 6124834 (17320600) | - (-) |
| Unsecured loan | 4265000 (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.

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 GBP 22411 equivalent to Rs 1622556/- as on 31st March, 2009 (Previous Year GBP 27305 equivalent to Rs.2206244/-). 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 :

| PARTICULARS | U.S.A. | EUROPE | NEWZEALAND | TOTAL |
|-----------------------------------|---------------------------|---------------------------|--------------|-----------------------------|
| 1. SEGMENT REVENUE : | | | | |
| External Sales | 54791606 (4,86,45,541) | 53201925 (5,23,27,308) | 2158225 - | 110151756 (10,09,72,849) |
| Inter-segment sales | - | - | - | - |
| TOTAL REVENUE | 54791606 (4,86,45,541) | 53201925 (5,23,27,308) | 2158225 - | 110151756 (10,09,72,849) |
| 2. SEGMENT EXPENSES ³ | 7304570 (2923665) | 3658176 (1551716) | 148721 | 11111467 (4475381) |
| 3. SEGMENT RESULT | 47487036 (45721876) | 49543749 (5,07,75,592) | 2009504 | 99040289 (96497468) |
| Common Expenses | 49712690 (46808260) | 48270365 (50350972) | 1958168 | 99941223 (97159232) |
| Common Income | 103495 (361842) | 100492 (389228) | 4077 - | 208064 (751070) |
| Extra Ordinary Items | - | - | - | - |
| 4. Net Profit / (Loss) before Tax | (2122159) (717349) | 1373876 (821584) | 55413 | (692870) (104235) |
| Provision for Taxation : | | | | |
| Current Tax | - | - | - | (315000) |
| Deferred Tax | - | - | - | (575000) |
| Fringe Benefit Tax | - | - | - | 476050 (838690) |
| Profit / (Loss) after Tax | - | - | - | (250000) (3,00,000) |
| 5. Segment Assets (Debtors) | 8098510 (8257070) | 14492733 (17320600) | 553146 | 23144389 (25577670) |
| Common Assets | - | - | - | 108671858 (115039099) |
| Total Assets | - | - | - | 131816247 (140616769) |
| 6. Segment Liabilities | - | - | - | - |
| Common Liabilities | - | - | - | - |
| Total Liabilities | - | - | - | 131816247 (14,06,16,769) |
| 7. Capital Expenditure | - | - | - | 1738283 (84,94,280) |
| 8. Depreciation | - | - | - | 7272602 (77,03,349) |
| 9. Other Non-Cash Expenditure | - | - | - | - |

Note : Figures in Brackets are in respect of Previous Year

12. Previous year's 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

| | 31.03.2009 | 31.03.2008 |
|------------------------------|------------|------------|
| Licensed Capacity | NA | NA |
| Installed (Cu. Mtr.) | *1404 | 1404 |
| Actual Production (Cu. Mtr.) | 808.65 | 821.09 |

*as Certified by Management

Particulars of Finished Goods

| | 31-03-2009 | | 31-03-2008 | |
|------------------|--------------------|-------------------|--------------------|-------------------|
| | Qty. (Cu. Mts.) | Rs. (In Lakhs) | Qty. (Cu. Mts.) | Rs. (In Lakhs) |
| a. Opening Stock | 3.83 | 4.98 | 11.72 | 14.06 |
| b. Production | 808.65 | - | 821.09 | - |
| c. Sales | 804.32 | 1101.51 | 828.98 | 1009.73 |
| d. Closing Stock | 8.16 | 4.75 | 3.83 | 4.98 |

B. RAW MATERIALS CONSUMED

| | 31-03-2009 | | 31-03-2008 | |
|--|--------------------|-------------------|--------------------|-------------------|
| | Qty. (Cu. Mts.) | Rs. (In Lakhs) | Qty. (Cu. Mts.) | Rs. (In Lakhs) |
| | 1060.05 | 409.26 | 1234 | 443.29 |

C. C.I.F. VALUE OF IMPORT

| | 31-03-2009 (Rs. in Lakhs) | 31-03-2008 (Rs. in Lakhs) |
|---|------------------------------|------------------------------|
| a. Raw Material | 47.35 | 61.40 |
| b. Components, Stores & Spare Parts & Packing Material | 21.92 | 33.96 |
| c. Capital Goods | 8.15 | 7.54 |
| d. Others | — | — |

D. EXPENDITURE IN FOREIGN CURRENCY.

(On accrual basis)

| | | |
|-----------------------------------|------|-------|
| a. Know-how/Technical Service Fee | - | - |
| b. Others | 7.57 | 25.02 |

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

| | 31-03-2009 (Rs. in Lakhs) | 31-03-2008 (Rs. in Lakhs) |
|------------------------|------------------------------|------------------------------|
| a. Raw Materials | | |
| i) Imported value | 47.35 | 61.40 |
| % of total consumption | 11.12 | 13.85 |
| ii) Indigenous value | 378.52 | 381.89 |
| % of total consumption | 88.88 | 86.15 |

| | | |
|--|--------|--------|
| b. Stores & Spare Parts etc. (including Packing Material) | | |
| i) Imported value | 21.92 | 33.96 |
| % of total consumption | 25.29% | 31.40% |
| ii) Indigenous value | 64.75 | 74.15 |
| % of total consumption | 74.71% | 68.60% |

F. PERMITTANCE IN FOREIGN CURRENCY

| | | |
|----------|-----|-----|
| Dividend | NIL | NIL |
|----------|-----|-----|

G. EARNING IN FOREIGN EXCHANGE

| | | |
|--|---------|--------|
| a) Export of Goods Calculated on FOB Value | 1021.58 | 964.98 |
| b) Technical Service fee | | |
| c) Interest & Dividend | - | - |
| d) Others (Commission) | - | - |

As per our report Attached

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

For and on behalf of Board of Director

Sd/-
[P.P.SINGH]
Partner

Sd/-
[SUNIL KUMAR AGARWAL]
Managing Director

Sd/-
[FIAZ AHMED]
Director

Place: Hoskote
Date : 30.06..2009

Balance Sheet Abstract and Company's General Business Profile

| | |
|---|------------------------------------|
| I. Registration Details: | |
| Registration No. L85110KA1990PLCO11082 | |
| State code : 08 | |
| Balance Sheet Date | March 31, 2009 |
| | (Rs. in 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 | 1,31,816 |
| Total Assets | 1,31,816 |
| Sources of Funds | |
| Paid-up Capital | 50,175 |
| Reserves and Surplus | 35,094 |
| Secured Loans | 38,833 |
| Unsecured Loans | Nil |
| Deferred Tax Liability (Net) | 1,571 |
| Application of Funds | |
| Net Fixed Assets | 51,185 |
| Investments | 7,251 |
| Net Current assets | 67,237 |
| Miscellaneous Expenditure | Nil |
| IV. Performance of Company | |
| Income | 110,152 |
| Other Income | 208 |
| Total Income | 110,360 |
| Total Expenditure | 11,1053 |
| Profit/(Loss) before Tax | (693) |
| Profit/ (Loss) after Tax | (820) |
| Earnings per share (basic) (Rs.) | (0.16) |
| V. Generic name of principal products of the company | |
| ITC code | Granite Monuments Not available |

MILESTONE GLOBAL (UK) LIMITED

Regd. Off: 1, Amesbury Court, 2359, Coventry Road, Sheldon, Birmingham, West Midlands, B263PN

(Company being registered at England & Wales as a wholly owned subsidiary company to Milestone Global Limited, Listed at BSE, these reports have been prepared as per terms of section 212 of the Companies Act, 1956)

Directors' Report

To
The Members

Your Board of Directors has pleasure in presenting herewith the 3rd Annual Report of the Company together with the statements of Accounts for the year ended 31st March 2009.

1. FINANCIAL RESULTS & REVIEW OF PERFORMANCE

| Particulars | Year ended 31-03-2009 (Rs.in lakhs) | Year ended 31-03-2008 (Rs.in lakhs.) |
|-----------------------|--|---|
| Gross Income | 664.18 | 611.85 |
| Expenditure | 660.64 | 595.85 |
| Net Profit (Loss) | 3.54 | 16.00 |
| Taxation | - | - |
| Profit after Taxation | 3.54 | 16.00 |

The year under review the performance of the company is quite satisfactory. It is expected that during the current year company has to record further growth.

2. DIVIDEND AND TRANSFER TO RESERVES

Despite of Recession across and the global melt down, the company could record a profit of Rs. 3.54 lakhs in the year under review as against the profit Rs. 16.00 lakhs in the previous year. In order to utilise internal accruals for the further growth of the company, your directors are unable to declare any dividend for the financial year 2008-07 No fund was transferred to reserves.

3. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Your company is not covered by schedule which requires to furnish details in Form A & B as per the provision of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the report of Board of directors) Rules, 1988.

The business operations of your company are not energy intensive. However, significant measures are taken to reduce energy consumption by using energy efficient equipments.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

The operations of the company are concentrated in and around England and Wales. All transactions are dealt in Great Britain Pounds.

5. SUBSIDIARY & HOLDING COMPANY.

Your company has no subsidiaries. However your company is a wholly own subsidiary company to M/s Milestone Global Limited, a Listed Company at Bombay Stock Exchange Limited. Now status of your company is body corporate which is a subsidiary of a public Company.

6. FIXED DEPOSITS:

The Company has not accepted any deposits; hence, no amount of principal or interest was outstanding as on the balance sheet date.

7. PARTICULARS OF EMPLOYEES:

None of the employees of the Company was in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956. Hence, particulars as required under the Companies (Particulars of Employees) Rules, 1975 are not given.

8. DIRECTORS:

The Board of Directors consists of the following directors.

Mr. Sunil Kumar Agarwal, (Nominee of the Holding Company).

Mr. Alok Krishna Agarwal (Nominee of the Holding Company)

9. AUDITORS:

M/s Brindleys Limited, Accountants, 2, WHEELLEYS ROAD, Edgbaston, Birmingham, West Midlands B15 2LD are the accountant of the company as per provisions of Companies Act, 1985 (England and Wales)

As per section 249B(2) of the Companies Act, 1985 (England and Wales), the company is not required to obtain the audit of its financial statements.

10. DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Directors confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. Appropriate accounting policies have been selected and consistently the directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company as on March 31, 2009 and the profit and loss account of your company for the year ended March 31, 2009;
- iii. Proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities;
- iv. The annual accounts have been prepared on a going concern basis.

11. ACKNOWLEDGEMENTS:

The Board expresses its sincere gratitude to the shareholders, bankers, government authorities, clients and other stakeholders for their continued support. The Board also wholeheartedly acknowledges with thanks the dedicated efforts of all the staffs and employees of the Company.

For and on behalf of the Board of Directors

Sd/-

SUNIL KUMAR AGARWAL

Director

Sd/-

ALOK KRISHNA AGARWAL

Director

Place: Bangalore

Dated: 30-06-2009

MILESTONE GLOBAL (UK) LIMITED

Regd. Off: 1, Amesbury Court, 2359, Coventry Road, Sheldon, Birmingham, West Midlands, B263PN

(Company being registered at England & Wales as a wholly owned subsidiary company to Milestone Global Limited, Listed at BSE, these reports have been prepared as per terms of section 212 of the Companies Act, 1956)

BALANCE SHEET AS AT 31-03-2009

Amount in Rs.

| Particulars | As on 31st March 2009 | As on 31st March 2008 |
|---|--------------------------|--------------------------|
| I SOURCES OF FUNDS : | | |
| A. SHARE HOLDERS FUNDS - | | |
| Authorised Capital | | |
| 200,000 Equity Shares of GBP 1.00 per shares | 17,000,000 | 17,000,000 |
| | 17,000,000 | 17,000,000 |
| B. ISSUED, SUBSCRIBED, AND PAID UP CAPITAL | | |
| 87,331 Equity shares of GBP1.00 each | 63,22,764 | 70,563,45 |
| TOTAL | 63,22,764 | 70,563,45 |
| II APPLICATION OF FUNDS : | | |
| A. FIXED ASSETS | 577,752 | 566,489 |
| B. CURRENT ASSETS, LOANS & ADVANCES | | |
| Cash and Bank Balances | 4,139,832 | 4,378,714 |
| Sundry Debtors | 9,714,922 | 7,963,082 |
| Inventory | 5,398,723 | 9,453,034 |
| | 19,253,477 | 21794830 |
| Less: CURRENT LIABILITIES AND PROVISIONS | | |
| Sundry Creditors | 15,131,021 | 17511218 |
| NET CURRENT ASSETS | 4122456 | 4283612 |
| Profit & Loss Account | 1622556 | 2206244 |
| TOTAL | 63,22,764 | 70,56,345 |

Note : 1. Schedules A to B form part of accounts

2. Amount converted into Indian Rupees at the existing rate prevailing at end of the financial year.

for MILESTONE GLOBAL (UK) LIMITED

Sd/-

SUNIL K. AGARWAL
Director

Sd/-

ALOK K. AGARWAL
Director

Date : 30-06-2009

MILESTONE GLOBAL (UK) LIMITED

Regd. Off: 1, Amesbury Court, 2359, Coventry Road, Sheldon, Birmingham, West Midlands, B263PN

(Company being registered at England and Wales as a wholly owned subsidiary company to Milestone Global Limited, Listed at BSE, these reports have been prepared as per terms of section 212 of the Companies Act, 1956)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2009

Amount in Rs.

| Particulars | Sch | For the year ended | |
|--|-----|--------------------|--------------------|
| | | 31.03.2009 | 31.03.2008 |
| I INCOME | | | |
| Sales | | 66,417,950 | 61,185,315 |
| Other Income | | - | - |
| | | 66,417,950 | 61,185,315 |
| II EXPENDITURE | | | |
| Cost of Sales | A | 61,432,848 | 54,140,363 |
| Rent and Rates | | 531,706 | 550,490 |
| Light and Heat | | 44,164 | 77,083 |
| Wages | | - | 83,143 |
| Telephone | | 456,265 | 580,548 |
| Post and Stationery | | 451,342 | 188,102 |
| Marketing & Promotion | | 69,359 | 240,057 |
| Motor and Travell Expenses | | 2,277,414 | 2,004,325 |
| Repairs & Renewals | | - | 6,868 |
| Sundry expenses | | 30,987 | 65,448 |
| Accountancy Fee | | 139,732 | 425,008 |
| Legal fee | | - | 40,885 |
| Profit/Loss on sale of tangible Fixed assets | | 81,088 | (60,519) |
| Bad Debts | | - | 720,817 |
| Bank Charges | | 356,063 | 289,668 |
| Discount | | - | 43,632 |
| Bank Interest | | - | 81 |
| Depreciation | | 192,656 | 188,910 |
| | | 66,063,624 | 59,584,990 |
| III PROFIT (LOSS) FOR THE YEAR TAXATION | | 354,326 | 1,600,325 |
| IV PROFIT (LOSS) AFTER TAX | | 354,326 | 1,600,325 |
| Balance C/F Profit & Loss account | | (19,76,882) | (3,806,569) |
| V BALANCE CARRIED TO BALANCE SHEET | | (1,622,556) | (2,206,244) |

Note : 1. Schedules A to B form part of accounts

2. Amount converted into Indian Rupees at the existing rate prevailing at end of the financial year.

for MILESTONE GLOBAL (UK) LIMITED

Sd/-

SUNIL K. AGARWAL
Director

Sd/-

ALOK K. AGARWAL
Director

Date : 30-06-2009

MILESTONE GLOBAL (UK) LIMITED

Regd. Off: 1, Aimsbury Court, 2359, Coventry Road, Sheldon, Birmingham, West Midlands, B263PN

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2009

| Particulars | For the year ended | |
|----------------------------------|--------------------|-------------------|
| | 31.03.2009 | 31.03.2008 |
| Schedule A- Cost of Sales | | |
| Opening Stock | 8,470,293 | 5,665,292 |
| Add: Purchases | 48,729,110 | 49,229,178 |
| Add: Duty, Freight and cartage | 9,632,168 | 8,698,928 |
| | 66,831,571 | 63,593,398 |
| Less: Closing Stock | 5398723 | 9,453,034 |
| Cost of Sales | 61,432,848 | 54,140,363 |

Schedule -B

NOTES ON ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2009

1. Significant Accounting policies:
 - (a) **Accounting Convention:**
The accounts have been prepared under historical cost convention from the books of account maintained on accrual basis.
 - (b) **Revenue recognition:**
All expenses and incomes to be payable or receivable respectively are accounted on accrual basis.
 - (c) **Fixed Assets:**
Fixed Assets are stated at actual cost less accumulated depreciation. The actual cost capitalized includes cost of the asset freight, insurance, installation costs, duties and taxes and other incidental expenses incurred.
 - (d) **Depreciation:**
Depreciation has been provided in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956.
 - (e) **Inventories:**
Inventories are valued at cost or market value whichever is less.
2. Additional particulars required to furnish as per Part II of Schedule VI are not applicable since the Company is not a manufacturing Company.
3. Previous years figures have been regrouped/re-arranged wherever necessary to make them comparable.
4. There are imports of materials from Milestone Global Limited, India the parent company.
5. The company neither earned any income nor incurred any expenditure in foreign currency during the year.

MILESTONE GLOBAL (NZ) LIMITED**Regd. Off: 280, Great South Road, Greenlane, Auckland, New Zealand**

(Company being registered at New Zealand as a wholly owned subsidiary company to Milestone Global Limited, Listed at BSE, Ltd., these reports have been prepared as per terms of section 212 of the Companies Act, 1956)

Directors' Report

To

The Members

Your Board of Directors has pleasure in presenting herewith the 1st Annual Report of the Company together with the statements of Accounts for the year ended 31st March 2009.

1. FINANCIAL RESULTS & REVIEW OF PERFORMANCE

| Particulars | Year ended 31-03-2009 (Rs in lakhs.) | Year ended 31-03-2008 (Rs in lakhs.) |
|-----------------------|--------------------------------------|--------------------------------------|
| Gross Income | 20.75 | N.A. |
| Expenditure | 21.76 | N.A. |
| Net Profit (Loss) | (1.01) | N.A. |
| Taxation | | N.A. |
| Profit after Taxation | (1.01) | N.A. |

The year under review being first year of operations, the company recorded good turnover. It is expected that during the current year break even is expected.

2. DIVIDEND AND TRANSFER TO RESERVES

The company could not make profit in the year under review; Hence your directors are unable to declare any dividend. No fund was transferred to reserves.

3. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Your company is not covered by schedule which requires to furnish details in Form A & B as per the provision of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the report of Board of directors) Rules, 1988.

The business operations of your company are not energy intensive. However, significant measures are taken to reduce energy consumption by using energy efficient equipments.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is situated at New Zealand. All transactions are dealt in New Zealand dollars.

5. SUBSIDIARY & HOLDING COMPANY.

Your company has no subsidiaries. However your company is a wholly own subsidiary company to M/s Milestone Global Limited, a Listed Company at Bombay Stock Exchange Limited. Now status of your company is body corporate which is a subsidiary of a public Company.

6. FIXED DEPOSITS:

The Company has not accepted any deposits; hence, no amount of principal or interest was outstanding as on the balance sheet date.

7. PARTICULARS OF EMPLOYEES:

None of the employees of the Company was in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956. Hence, particulars as required under the Companies (Particulars of Employees) Rules, 1975 are not given.

8. DIRECTORS:

The Board of Directors consists of the following director.

Mr. Sunil Kumar Agarwal, (Nominee of the Holding company.

9. AUDITORS:

M/s Nair & Associates, Chartered Accountants Ltd, 280, Great South Road, Greenlane, Auckland, New Zealand are the Compliance auditors of the company as per provisions of Companies Act, 1993 (New Zealand)

10. DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Directors confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. Appropriate accounting policies have been selected and consistently the directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company as on March 31, 2009 and the profit and loss account of your company for the year ended March 31, 2009;
- iii. Proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities;
- iv. The annual accounts have been prepared on a going concern basis.

11. ACKNOWLEDGEMENTS:

The Board expresses its sincere gratitude to the shareholders, bankers, government authorities, clients and other stakeholders for their continued support. The Board also wholeheartedly acknowledges with thanks the dedicated efforts of all the staffs and employees of the Company.

For and on behalf of the Board of Directors

Sd/-

(SUNIL KUMAR AGARWAL)

Director

Dated: 30-06-2009

MILESTONE GLOBAL (NZ) LIMITED

Regd. Off: 280, Great South Road, Greenlane, Auckland, New Zealand

(Company being registered at New Zealand as a wholly owned subsidiary company to Milestone Global Limited, Listed at BSE, these reports have been prepared as per terms of section 212 of the Companies Act, 1956)

BALANCE SHEET AS AT 31-03-2009

Amount in Rs.

As on

31.03.2009

Particulars**I SOURCES OF FUNDS :****A. SHARE HOLDERS FUNDS**

Authorised Capital

50,000 Equity Shares of NZD1/-

1447000

1447000**B. ISSUED, SUBSCRIBED, AND PAID UP CAPITAL**

100 Equity shares of NZD-1/- each

2894

TOTAL2894**II APPLICATION OF FUNDS :****A. CURRENT ASSETS, LOANS & ADVANCES**

Cash on hand

9406

Cash at Bank

316951

Sundry Debtors

196908

Inventory

542741

Loans and advances

260894

1326899**Less: CURRENT LIABILITIES AND PROVISIONS**

Sundry Creditors

557095

Shares holder's Current account

842270

GST Account

25641

TOTAL1425006**NET CURRENT ASSETS****(98107)**

Profit & loss Account

101001

TOTAL2894

Note : 1. Schedules A to B form part of accounts

2. Amount converted into Indian Rupees at the existing rate prevailing at end of financial year.

for **MILESTONE GLOBAL (NZ) LIMITED**

Sd/-

SUNIL K. AGARWAL

Director

Date : 30-06-2009

MILESTONE GLOBAL (NZ) LIMITED

Regd. Off: 280, Great South Road, Greenlane, Auckland, New Zealand

(Company being registered at New Zealand as a wholly owned subsidiary company to Milestone Global Limited, Listed at BSE, these reports have been prepared as per terms of section 212 of the Companies Act, 1956)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2009

| Particulars | Sch | Amount in Rs. For the year ended 31.03.2009 |
|---------------------------------------|-----|---|
| I INCOME | | |
| Sales | | 2,067,879 |
| Other Income | | 6,946 |
| | | <u>2,074,824</u> |
| II EXPENDITURE | | |
| Cost of Sales | A | 1,682,977 |
| Accountancy Fee | | 40,632 |
| Bank Charges | | 7,611 |
| Computer Expenses | | 1,071 |
| Interst Charges | | 1,302 |
| Frieght & Courier | | 128,002 |
| General Expenses | | 1,679 |
| Printing, Postage & Stationery | | 10,881 |
| Telephone & Tolls | | 23,412 |
| Travelling & Accomodation | | 160,443 |
| Vehicle Expenses | | 117,815 |
| | | <u>2,175,825</u> |
| III PROFIT (LOSS) FOR THE YEAR | | (101,001) |
| TAXATION | | - |
| IV PROFIT (LOSS) AFTER TAX | | (101,001) |
| V BALANCE CARRIED TO | | (101,001) |
| BALANCE SHEET | | <u>(101,001)</u> |

Note : 1. Shedules A to B form part of accounts

2. Amount converted into Indian Rupees at the existing rate prevailing at end of financial year.

for MILESTONE GLOBAL (NZ) LIMITED

Sd/-

SUNIL K. AGARWAL

Director

Date : 30-06-2009

MILESTONE GLOBAL (NZ) LIMITED

Regd. Off: 280, Great South Road, Greenlane, Auckland, New Zealand
 SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2009

| Particulars | For the year ended <u>31.03.2009</u> |
|----------------------------------|---|
| Schedule A- Cost of Sales | |
| Opening Stock | - |
| Add: Purchases | 2,072,972 |
| Add: Freight | 107,281 |
| Add: Custom Clearing Fee | <u>45,465</u> |
| | 2,225,718 |
| Less: Closing Stock | 542,741 |
| Cost of Sales | <u>1,682,977</u> |

Schedule -B

NOTES ON ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2009

1. **Significant Accounting polices:**(a) **Accounting Convention:**

The accounts have been prepared under historical cost convention from the books of account maintained on accrual basis.

(b) **Revenue recognition:**

All expenses and incomes to be payable or receivable respectively are accounted on accrual basis.

(c) **Inventories:**

Inventories are valued at cost or market value whichever is less.

2. Additional particulars required to furnish as per Part II of Schedule VI are not applicable since the Company is not a manufacturing Company.
3. This is the first year of the company, therefore previous year's figure are not applicable
4. There are import of materials from Milestone Global Limited, India the parent company
5. The company neither earned any income nor incurred any expenditure in foreign currency during the year.

ANA HOSPITALITY PRIVATE LIMITED**Regd. Off: # 57, 100 Ft. Road, Indiranagar, Bangalore-560038, Karnataka****Directors Report**

To

The Members

Your Directors have pleasure in presenting herewith the 5th Annual Report of the Company together with the audited statements of Accounts for the year ended 31st March 2009.

1. FINANCIAL RESULTS & REVIEW OF PERFORMANCE

The company has not carried out any business during the year under review.

2. DIVIDEND AND TRANSFER TO RESERVES

As the Company has not carried out its activities, the company could not make income in the year under review, hence no profit has been made. Hence your directors are unable to declare any dividend. No fund was transferred reserves.

3. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

Your company is not covered by schedule which requires to furnish details in Form A & B as per the provision of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the report of Board of directors) Rules, 1988.

The business operations of your company are not energy intensive. However, significant measures are taken to reduce energy consumption by using energy efficient equipments.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company had no foreign exchange earnings/outgo during the period under review.

5. SUBSIDIARY & HOLDING COMPANY.

Your company has no subsidiaries. During the financial year under review, your company became a wholly own subsidiary company to M/s Milestone Global Limited, a Listed Company at Bombay Stock Exchange Limited Now status of your company is private company which is a subsidiary of a public Company Hence your company is required to comply all the provisions of the Companies Act, 1956 that are applicable to public company.

6. FIXED DEPOSITS:

The company has not accepted any deposits, hence, no amount of principal or interest was outstanding as on the balance sheet date.

7. PARTICULARS OF EMPLOYEES:

None of the employees of the Company was in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956, Hence, particulars as required under the Companies (Particulars of Employees) Rules, 1975 are not given.

8. DIRECTORS:

The follows are change in the composition of Board of Directors happened since last annual general meeting.

Mr. Naveen Chawla was appointed as additional director on 25th March 2009 holds office upto the date of ensuing annual general meeting he is eligible for reappointment. The Company has received notice from a member proposing her candidature for the appointment as Director liable to retire by rotation.

Mr. Atul Bajpai resigned from the Board on 1st April 2009. The Board are pleased to place on record its appreciation for the valuable services rendered by him during his tenure.

9. AUDITORS:

M/s P L Tandon & Co, Chartered Accountants, statutory auditors of the Company who retire at this conclusion of ensuing Annual General Meeting being eligible for re-appointment have expressed their willingness for the appointment as Statutory auditor and confirmed that their appointment, if made will be within the prescribed limits under Section 224(1 B) of the Companies Act, 1956. Your directors propose the re-appointment of M/s PL Tandon and Co, for the year 2009-10 in the best interest of the Company.

There are no qualifications and observations reported in the auditor's report.

10. DIRECTORS RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Directors confirm that;

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. Appropriate accounting policies have been selected and consistently the directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company as on March 31, 2009 and the profit and loss account of your company for the year ended March 31, 2009;
- iii. Proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities;
- iv. The annual accounts have been prepared on a going concern basis.

11. ACKNOWLEDGEMENTS:

The Board expresses its sincere gratitude to the shareholders, bankers, government authorities, clients and other stakeholders for their continued support. The Board also wholeheartedly acknowledges with thanks the dedicated efforts of all the staffs and employees of the Company.

For and on behalf of the Board of Directors

Place: Bangalore
Dated: 26-08-2009

Sd/-
(FIAZ AHMED)
Director

Sd/-
(NAVEEN CHAWLA)
Director

**AUDITORS' REPORT
TO THE MEMBERS OF ANA HOSPITALITY PRIVATE LIMITED**

1. We have audited the attached Balance Sheet of **ANA HOSPITALITY PRIVATE LIMITED** as at 31st March, 2009, This financial statement is 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 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.
3. 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 dealt with by this report is in agreement with the books of account;
 - d). In our opinion, the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Sub section (3c) of Sec. 211 of the Companies Act, 1956.
 - e). On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f). This Report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's report) order, 2003, issued by the Department of Company Affairs, in terms of section 227(4A) of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said order is not applicable to the Company .
 - g) 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 appearing in the schedule 5 of notes and Accounting policies 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 :
 - h). in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2009;

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

**PLACE: BANGALORE
DATE : 22.06.2009**

Sd/-

**(P.P. SINGH)
Partner**

Membership No.72754

**ANA HOSPITALITY PVT LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2009**

| | SCHEDULE | 31.03.2009 Amt. in Rs. | 31.03.2008 Amt. in Rs. |
|---|-----------------|-----------------------------------|-----------------------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDER'S FUNDS | | | |
| CAPITAL | 1 | 100,000.00 | 100,000.00 |
| LOANS FUNDS | | | |
| Unsecured Loans | 2 | 11,023,000.00 | 163,000.00 |
| | | <u>11,123,000.00</u> | <u>263,000.00</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | 3 | | |
| Gross Block | | 863,899.48 | 0.00 |
| Add : Capital Work in Progress | | 9,824,249.74 | 115,780.00 |
| | | <u>10,688,149.22</u> | <u>115,780.00</u> |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| Cash and Bank Balances | 4 | 149,609.50 | 6,451.00 |
| Loans & Advances | | 579,659.76 | 395,154.00 |
| | | <u>729,269.26</u> | <u>401,605.00</u> |
| Less : Current Liabilities & Provisions | | | |
| Current Liabilities | 5 | 489,912.48 | 397,654.00 |
| Provisions | | 5,500.00 | 0.00 |
| | | <u>495,412.48</u> | <u>397,654.00</u> |
| Net Current Assets | | <u>233,856.78</u> | <u>3,951.00</u> |
| Miscellaneous expenditure | | | |
| [To the extent not written off or adjusted] | | | |
| Deferred revenue expenditure | | 57,725.00 | 0.00 |
| Profit and Loss account | | 143,269.00 | 143,269.00 |
| | | <u>11,123,000.00</u> | <u>263,000.00</u> |
| SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES ON ACCOUNT | | | |
| | 6 | | |

As per our report of even date attached.
For P.L. TANDON & CO.,
CHARTERED ACCOUNTANTS.

for ANA Hospitality Private Limited

P.P. SINGH
(PARTNER)

Sd/-
(DIRECTOR)

Sd/-
(DIRECTOR)

PLACE : BANGALORE
DATED : 22.6.2009

ANA HOSPITALITY PVT LIMITED

| SCHEDULE NO. : 1 | 31.03.2009 | 31.03.2008 |
|---------------------------------------|---------------------|--------------------|
| SHARE CAPITAL : | Amt. in Rs. | Amt. in Rs. |
| Authorised | | |
| 500000 Equity Shares of Rs. 10/= each | 5,000,000.00 | 5,000,000.00 |
| | 5,000,000.00 | 5,000,000.00 |
| Issued, Subscribed and Paid Up | | |
| 10000 Equity Shares of Rs. 10/= each | 100,000.00 | 100,000.00 |
| | 100,000.00 | 100,000.00 |

NOTE:- The entire paid up capital is held by Milestone Global Limited -the holding company and its nominees

SCHEDULE NO. : 2**Unsecured Loan [Interest Free]**

| | | |
|-----------------------|----------------------|------------|
| From Holding company | 4,265,000.00 | 0.00 |
| From Others | 6,758,000.00 | 163,000.00 |
| SCHEDULE NO. 3 | 11,023,000.00 | 163,000.00 |

Fixed Assets

| Particulars | ← GROSS BLOCK → | | | ← DEPRECIATION → | | ← NET BLOCK → | | |
|---|---------------------|---------------------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|
| | AS AT 01.04.2008 | ADDITIONS DURING THE YEAR | AS AT 31.03.2009 | AS AT 01.04.2008 | DURING THE YEAR | AS AT 31.03.2009 | AS AT 31.03.2009 | AS AT 31.03.2008 |
| Computer System | - | 203,498.00 | 203498.00 | - | - | - | 203,498.00 | - |
| Crockery and Utencil | - | 635,369.48 | 635369.48 | - | - | - | 635,369.48 | - |
| Kitchen Equipments | - | 10,532.00 | 10532.00 | - | - | - | 10,532.00 | - |
| Office Equipment | - | 14,500.00 | 14500.00 | - | - | - | 14,500.00 | - |
| Total Rs. | - | 863,899.48 | 863,899.48 | - | - | - | 863,899.48 | - |
| Capital work in progress PREVIOUS YEAR | - | - | - | - | - | - | 9,824,249.74 | - |

NOTE:- Depreciation has not been charged as the company has not commenced its operations

SCHEDULE NO. : 4**CURRENT ASSETS LOANS & ADVANCES****CASH & BANK BALANCES**

| | | |
|-------------------------------------|-------------------|----------|
| Cash -in Hand | 35,095.50 | 6,451.00 |
| Balance with scheduled Banks | | |
| In Current Account | 114,514.00 | 0.00 |
| | 149,609.50 | 6,451.00 |

LOANS AND ADVANCES**[Unsecured Considered Good)**

| | | |
|---|-------------------|------------|
| Advance Recoverable in cash or in kind or for value to be received | 42,572.26 | 395154.00 |
| VAT Receivables | 529,087.50 | 0.00 |
| Security Deposit | 8,000.00 | 0.00 |
| | 579,659.76 | 395,154.00 |

SCHEDULE NO. : 5**CURRENT LIABILITIES & PROVISIONS****Current Liability**

| | | |
|------------------------|-------------------|------------|
| Sundry Creditors | 13,756.00 | 397,654.00 |
| Other Liabilities | 476,156.48 | 0.00 |
| | 489,912.48 | 397,654.00 |
| Provisions | | |
| Provision for Taxation | 5,500.00 | 0.00 |
| | 5,500.00 | 0.00 |
| | 495,412.48 | 0.00 |

ANA HOSPITALITIES PVT LIMITED**SCHEDULE - 6****A] SIGNIFICANT ACCOUNTING POLICIES :-****(a) Basis of Preparation of Financial Statement :**

The Financial Statement are prepared in accordance with historical cost convention, generally accepted accounting principles and relevant presentational requirement of the companies act, 1956.

(b) Revenue Recognition :

In accordance with the provision of section 209 (3) of the Companies act 1956, the company follows accrual basis of accounting.

(c) Fixed Assets :

Fixed assets are stated at cost of acquisition and subsequent improvements thereto inclusive of taxes, duties, freight and other incidental expenses related to acquisition, improvements and installations.

**B] NOTES ON ACCOUNTS
CONTINGENT LIABILITY**

1. Claim against the company
not acknowledge as debt – Amount Indeterminate.
2. In view of insufficient information from the suppliers regarding their status of S.S.I. Units the amount due to small scale industries undertaking cannot be ascertained.
3. The Company has not received the required information from suppliers regarding their classification under the micro , small and medium enterprises development act 2006, hence disclosures ,if any, relating to amount unpaid as at the year end together with interest paid /payable as required under the said act have not been made
4. Figures of the previous year have been regrouped / recast to make them comparable with that of the current year.
5. The company is in the process of opening a restaurant in Bangalore and no other business activities have been carried out during the year .Since no business activities have been carried out during the year , no profit and loss account has been drawn up and all the expenses have been shown under the head preoperative expenses and clubbed under the head Capital Work In Progress.
6. Details of expenditure during construction/operation period to be capitalized [Capital Work In Progress]

| | | |
|----|--|---------------------|
| | Opening balance as on 01.04.2008 | 1,08,500.00 |
| | Add Expenses incurred during the year : | |
| 1 | Audit Fee | 11,030.00 |
| 2 | Bank Charges | 8,139.00 |
| 3 | Conveyance Charges | 31,569.00 |
| 4 | Fringe Benefit Tax | 5,500.00 |
| 5 | Miscellaneous expenses | 6,41,237.50 |
| 6 | Professional charges | 26,510.80 |
| 7 | Rent for employees | 49,000.00 |
| 8 | Repairs and maintenance | 38,235.00 |
| 9 | Salary and wages | 5,31,799.00 |
| 10 | Staff welfare | 47,087.70 |
| 11 | Telephone charges | 47,905.00 |
| | TOTAL | 15,46,513.00 |

(C) C.I.F. VALUE OF IMPORTS.

| Particulars | Current Year | Previous Year |
|----------------------|-------------------------|--------------------------|
| (i) Raw material | NIL | NIL |
| (ii) Stores & Spares | NIL | NIL |
| (iii) Capital Goods | NIL | NIL |

(D) EXPENDITURE IN FOREIGN CURRENCY

| Particulars | Current Year | Previous Year |
|--------------------|-------------------------|--------------------------|
| (i) Interest | NIL | NIL |
| (ii) Royalty | NIL | NIL |
| (iii) Know How | NIL | NIL |
| (iv) Others | NIL | NIL |

(E) REMITTANCES IN FOREIGN CURRENCY OF DIVIDEND / INTEREST

| Particulars | Current Year | Previous Year |
|--------------------|-------------------------|--------------------------|
| (i) Dividend | NIL | NIL |
| (ii) Interest | NIL | NIL |

(G) EARNING IN FOREIGN CURRENCY

| Particulars | Current Year | Previous Year |
|---|-------------------------|--------------------------|
| (i) Export of Goods Calculated on FOB basis | NIL | NIL |
| (ii) Technical know how | NIL | NIL |
| (iii) Interest and Dividend | NIL | NIL |
| (iv) Others | NIL | NIL |

As per our Report Attached

For P.L. TANDON & CO.

Chartered Accountants

Sd/-

(PARTNER)

For ANA Hospitality Pvt. Ltd.

Sd/-

(DIRECTOR)

Sd/-

(DIRECTOR)

PLACE : BANGALORE

DATED : 22.6.2009

Statement Pursuant to Section 212 of the Companies Act 1956, Relating to Subsidiary Companies

| Name of the Subsidiary | Milestone Global (UK) Limited | Milestone Global (NZ) Limited | ANA Hospitality Private Limited |
|--|--|--|---|
| Financial period ended | March 31st 2009 | March 31st 2009 | March 31st 2009 |
| Holding company's interest | 100% in equity shares | 100% in equity shares | 100% in Equity |
| Shares held by the holding company in the subsidiary | 87331 equity shares of GBP1.00 each fully paid up amounting to INR 63,22,764/- | 100 Equity Shares of NZD1.00 each fully paid up amounting to INR 2,894/- | 10000 equity shares of INR 10/- each fully paid-up amount to INR 1,00,000/- |
| 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 account of the holding company. | INR..... Nil | INR.. Nil | INR.. Nil |
| b. Not dealt with or provided for in the accounts of the holding company | INR..... 354326 | INR (101001) | INR.. Nil |
| 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 | | | |
| a. Dealt with provided for in the accounts of the holding company | INR..... Nil | INR..... N/A | INR.. N/A |
| b. Not dealt with or providing for in the accounts of the holding company. | INR..... 1600486 | INR..... N/A | INR.. N/A |

Statement Pursuant to Section 212 of the Companies Act, 1956, Relating to Subsidiary Companies

| 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) Ltd | 63,22,764 | Nil | Nil | 2,14,53,787 | 2,14,53,787 | - | - | - | 6,64,17,950 | 3,54,326 | - | 3,54,326 | - |
| Milestone Global (NZ) Ltd | 74,09,371* | (22,06,244*) | Nil | 2,23,61,319* | 2,23,61,319* | - | - | - | 61,185,396* | 1,600,486* | - | 1,600,486* | - |
| ANA Hospitality Private Limited | 2804 | Nil | Nil | 14,27,900 | 14,27,900 | - | - | - | 20,87,879 | (1,01,001) | - | (1,01,001) | - |
| | 1,00,000 | Nil | 1,10,23,000 | 1,16,18,412 | 1,16,18,412 | - | - | - | Nil | Nil | 5500 | Nil | - |

* Relates to previous year

Note : Amount converted in Indian Rupees at the existing rates prevailing at end of the financial year.

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF MILESTONE GLOBAL LIMITED

ON THE CONCOLIDATED FINANCIAL STATEMENTS OF MILESTONE GLOBAL LIMITED AND ITS SUBSIDIARIES

1. We have examined the attached Consolidated Balance Sheet of Milestone Global Limited and its subsidiaries as at 31st March, 2009, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Consolidated Financial Statements include Unaudited Financial Statement of two Overseas Subsidiaries Companies having total Assets (net) of Rs.44.73 Lacs as at 31st March, 2009, total revenue of Rs.151.62 Lacs and Cash Flow amounting to Rs.0.87 Lacs for the year then ended as considered in Consolidated Financial Statements.
4. We report that the consolidated financial statements have been prepared by the Company's management 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.
5. 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 subsidiaries, we are of the opinion that the attached Consolidated Financial Statements read together with notes thereon, give a true and fair view in accordance with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the Consolidated State of affairs of the Company and its subsidiaries as at 31st March, 2009;
 - (b) in the case of Consolidated Profit & Loss Account, of the Consolidated Loss of the Company and its subsidiaries for the year 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.

PLACE: HOSKOTE
DATED: 30-06-2009

For P.L.TANDON & CO.,
Chartered Accountants.
(P.P. SINGH)
Partner
Membership No.72754

MILESTONE GLOBAL LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2009
SCHEDULE

| | | AS AT <u>31.03.2009</u> | AS AT <u>31.03.2008</u> |
|---|-------|------------------------------|------------------------------|
| <u>SOURCES OF FUNDS</u> | | | |
| SHARE HOLDERS FUNDS:- | | | |
| Share Capital | 1 | 50,175,000.00 | 50,175,000.00 |
| Reserves and Surplus | 2 | <u>33,141,081.03</u> | <u>33,707,506.05</u> |
| | | <u>83,316,081.03</u> | <u>83,882,506.05</u> |
| LOAN FUNDS | | | |
| Secured Loans | 3 | 38,833,043.98 | 44,225,119.89 |
| Unsecured Loans | 4 | <u>6,758,000.00</u> | <u>1,400,000.00</u> |
| | | <u>45,591,043.98</u> | <u>45,625,119.89</u> |
| Deferred Tax liability (Net) | | <u>1,571,370.00</u> | <u>2,047,420.00</u> |
| TOTAL | | <u><u>130,478,495.01</u></u> | <u><u>131,555,045.94</u></u> |
| <u>APPLICATION OF FUNDS</u> | | | |
| FIXED ASSETS: | | | |
| | 4 'A' | | |
| Gross Block | | 141,507,340.67 | 138,669,423.99 |
| Less: Depreciation | | 88,792,918.46 | 81,383,381.63 |
| Net Block | | 52,714,422.21 | 57,286,042.36 |
| Capital work in progress | | 9,824,249.74 | - |
| | | <u>62,538,671.95</u> | 57,286,042.36 |
| Goodwill on consolidation | 5 | 651,586.40 | 91635.20 |
| | | <u>651,586.40</u> | 91635.20 |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| | 6 | | |
| Inventories | | 42,799,855.96 | 50,570,502.40 |
| Sundry Debtors | | 19,669,116.60 | 17,468,662.80 |
| Cash and Bank balances | | 7,692,546.75 | 7,353,685.10 |
| Loans and Advances | | 7,057,505.93 | 7,079,126.15 |
| | | <u>77,219,025.24</u> | 82,471,976.45 |
| Less: | | | |
| CURRENT LIABILITIES AND PROVISIONS | | | |
| | 7 | | |
| Current Liabilities | | 9,988,513.58 | 8,215,471.07 |
| Provisions | | 0.00 | 79,137.00 |
| | | <u>9,988,513.58</u> | 8,294,608.07 |
| NET CURRENT ASSETS | | <u>67,230,511.66</u> | 74,177,368.38 |
| Miscellaneous expenditure | | | |
| [To the extent not written off or adjusted] | | | |
| Deferred revenue expenditure | | 57725.00 | 0.00 |
| TOTAL | | <u><u>130,478,495.01</u></u> | <u><u>131,555,045.94</u></u> |

NOTES AND CONTINGENT LIABILITIES

11

As per our report attached
FOR P L TANDON & CO
CHARTERED ACCOUNTANTS

For and on Behalf of the Board of Directors

Sd/-

(P.P.SINGH)

Partner

Sd/-

(SUNIL KUMAR AGARWAL)

Managing Director

Sd/-

(FIAZ AHMED)

Director

Place : Hoskote
Date : 30.06.2009

MILESTONE GLOBAL LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

| | SCHEDULE | <u>2008-2009</u> | <u>2007-2008</u> |
|---|-----------------|------------------------------|------------------------------|
| <u>INCOME</u> | | | |
| Sales | | 125,313,619.00 | 116,716,809.80 |
| Other Income | 8 | 208,064.27 | 811,589.55 |
| | | <u>125,521,683.27</u> | <u>117,528,399.35</u> |
| <u>EXPENDITURE</u> | | | |
| Material | 9 | 65,710,889.91 | 60,261,295.07 |
| Manufacturing & Other expenses | 10 | 47,858,404.66 | 42,399,534.60 |
| Interest | | 4,926,675.29 | 5,270,750.23 |
| Depreciation | | 7,465,258.43 | 7,892,259.40 |
| | | <u>125,961,228.29</u> | <u>115,823,839.30</u> |
| (LOSS) / PROFIT BEFORE TAX | | (439,545.02) | 1,704,560.05 |
| EXCESS PROVISION OF TAX WRITTEN BACK INCOME TAX & FBT PAID FOR EARLIER YEARS | | 25,650.00 | 542,187.00 |
| PROVISION FOR TAXATION: | | | |
| CURRENT TAX | | (315,000.00) | (575,000.00) |
| DEFERRED TAX | | 476,050.00 | 838,690.00 |
| FRINGE BENEFIT TAX | | (250,000.00) | (300,000.00) |
| [LOSS] / PROFIT AFTER TAX | | (566,425.02) | 2,210,437.05 |
| Balance brought forward from previous year | | 17,279,436.05 | 15,068,999.00 |
| BALANCE CARRIED TO BALANCE SHEET | | <u>16,713,011.03</u> | <u>17,279,436.05</u> |
| Basic and Diluted Earning Per Share [Face Value of Rs 10/-] | | (0.11) | 0.44 |

NOTES AND CONTINGENT LIABILITIES

11

As per our report attached

FOR P.L. TANDON & CO.,
CHARTERED ACCOUNTANTS

For and on Behalf of the Board of Directors

Sd/-
(P.P. SINGH)
 Partner

Sd/-
(SUNIL KUMAR AGARWAL)
 Managing Director

Sd/-
(FIAZ AHMED)
 Director

Date : 30.06.2009
 Place : HOSKOTE

MILESTONE GLOBAL LIMITED

| | AS AT 31.3.2009 | AS AT 31.3.2008 |
|---|----------------------|----------------------|
| <u>SCHEDULE '1'</u> | | |
| <u>SHARE CAPITAL</u> | | |
| Authorized Share Capital 52,50,000.00 equity shares of Rs. 10 each | 52,500,000.00 | 52,500,000.00 |
| <u>ISSUED, SUBSCRIBED, CALLED UP AND PAID UP CAPITAL</u> | | |
| 5017500 Equity Shares of Rs 10 each | 50,175,000.00 | 50,175,000.00 |
| | 50,175,000.00 | 50,175,000.00 |
| <u>SCHEDULE '2' - RESERVES AND SURPLUS</u> | | |
| <u>Securities Premium</u> | | |
| <u>As per Last Balance Sheet</u> | 15082070.00 | 15082070.00 |
| <u>Subsidy</u> | | |
| As per Last Balance Sheet | 1,346,000.00 | 1,346,000.00 |
| <u>Profit & Loss Account</u> | | |
| Balance as per Profit & Loss Account | 16,713,011.03 | 17,279,436.05 |
| | 33,141,081.03 | 33,707,506.05 |
| <u>SCHEDULE '3'- SECURED LOANS</u> | | |
| <u>Term Loan</u> | | |
| From Banks | 1,978,620.00 | 2,733,624.00 |
| Export Packing Credit Loans | 35,564,695.16 | 39,105,738.16 |
| Vehicle Loans | 1,289,728.82 | 2,385,757.73 |
| | 38,833,043.98 | 44,225,119.89 |
| <u>SCHEDULE '4'-UNSECURED LOANS</u> | | |
| From directors | 6,758,000.00 | 1,400,000.00 |
| | 6,758,000.00 | 1,400,000.00 |
| <u>SCHEDULE "5" GOODWILL ON CONSOLIDATION</u> | | |
| | 651,586.40 | 91,635.20 |
| | 651,586.40 | 91,635.20 |

| MILESTONE GLOBAL LIMITED | | | | | | | | | | | SCHEDULE "4A" | |
|-------------------------------|---------------------------------------|-----------------------|------------------------|------------------------|-----------------------|----------------------|---------------------|-------------------|----------------------|----------------------|----------------------|--|
| FIXED ASSETS AS ON 31.03.2009 | | | | | | | | | | | | |
| | | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
| Sl. NO. | PARTICULARS | AS AT 1.04.2008 | ADDITIONS for the year | DEDUCTION for the year | AS AT 31.03.2009 | AS AT 01.04.2008 | FOR THE YEAR | DEDUCTION | AS AT 31.03.2009 | AS AT 31.03.2009 | AS AT 31.03.2008 | |
| 1 | Land | 1,213,103.00 | - | - | 1,213,103.00 | - | - | - | - | 1,213,103.00 | 1,213,103.00 | |
| 2 | Factory Building | 20,868,908.29 | 577,217.00 | - | 21,446,125.29 | 9,931,159.66 | 1,093,933.00 | - | 11,025,092.66 | 10,421,032.63 | 10,937,748.63 | |
| 3 | Office Building | 5,429,174.60 | - | - | 5,429,174.60 | 898,638.15 | 226,526.82 | - | 1,125,164.97 | 4,304,009.63 | 4,530,536.45 | |
| 4 | Non-Factory Building | 1,430,910.00 | - | - | 1,430,910.00 | 72,290.36 | 67,930.98 | - | 140,221.34 | 1,290,688.66 | 1,358,619.64 | |
| 5 | Plant & Machinery | 98,225,194.76 | 839,379.00 | - | 99,064,573.76 | 63,869,487.62 | 4,782,602.99 | - | 68,652,090.61 | 30,412,483.15 | 34,355,707.14 | |
| 6 | Furnitures Fixtures & Equipments | 4,310,380.69 | 120,504.00 | - | 4,430,884.69 | 2,654,310.26 | 308,499.16 | - | 2,962,809.42 | 1,468,075.27 | 1,656,070.43 | |
| 7 | Furnitures Fixtures & Equipments [UK] | 171,861.40 | - | - | 171,861.40 | 69,576.40 | 21,140.80 | - | 90,717.20 | 81,144.20 | 94,212.60 | |
| 8 | Vehicles | 4,980,516.27 | 48,205.00 | - | 5,028,721.27 | 2,656,330.80 | 607,954.66 | - | 3,264,285.46 | 1,764,435.81 | 2,324,185.47 | |
| 9 | Vehicles [U.K.] | 670,155.20 | 343,900.00 | 108,165.60 | 905,889.60 | 177,307.60 | 171,515.60 | 27,077.60 | 321,745.60 | 584,144.00 | 472,276.00 | |
| 10 | Computer | 1,369,219.58 | 381,508.00 | - | 1,750,727.58 | 1,025,636.78 | 185,154.42 | - | 1,210,791.20 | 539,936.38 | 343,582.80 | |
| 11 | Crocery and Utencils | - | 635,369.48 | - | 635,369.48 | - | - | - | - | 635,369.48 | - | |
| | TOTAL | 138,669,423.79 | 2,946,082.48 | 108,165.60 | 141,507,340.67 | 81,354,737.63 | 7,465,258.43 | 27,077.60 | 88,792,918.46 | 52,714,422.21 | 57,286,042.36 | |
| | Capital work in progress | - | - | - | - | - | - | - | - | 9,824,249.74 | - | |
| | PREVIOUS YEAR | 130,515,584.79 | 9,036,286.20 | 882,447.00 | 138,669,423.99 | 73,897,958.63 | 7,892,259.40 | 406,836.40 | 81,383,381.63 | 57,286,042.36 | 0.00 | |

MILESTONE GLOBAL LIMITED

| | AS AT 31.3.2009 | AS AT 31.3.2008 |
|--|----------------------|----------------------|
| SCHEDULE '6': CURRENT ASSETS | | |
| LOANS & ADVANCES | | |
| INVENTORIES: | | |
| (As Certified and valued by a Director) | | |
| Raw Materials | 14,518,130.00 | 12,856,468.00 |
| Work in Process (Semi Finished) | 18,866,484.00 | 21,921,000.00 |
| Finished Goods | 6,416,463.96 | 9,951,034.40 |
| Stores and Spares | 2,998,778.00 | 5,842,000.00 |
| | 42,799,855.96 | 50,570,502.40 |
| SUNDRY DEBTORS | | |
| (Unsecured considered good) | | |
| Less than Six Month | 19,669,116.60 | 17,468,662.80 |
| | 19,669,116.60 | 17,468,662.80 |
| CASH & BANK BALANCES | | |
| Cash on Hand | 2,015,769.90 | 841,615.90 |
| Balance with scheduled Banks | | |
| in Current Account | 5,082,970.85 | 5,954,843.28 |
| in Deposit Account | 593,806.00 | 557,225.92 |
| (Fixed Deposit pledged with Banks) | | |
| | 7,692,546.75 | 7,353,685.10 |
| LOANS AND ADVANCES | | |
| Advances recoverable in Cash or in kind or for value to be received | 6,421,313.43 | 7,059,027.80 |
| Advance tax and TDS [Net of Provisions] | 76,501.00 | - |
| Vat receivable | 529,087.50 | - |
| Security deposit | 8,000.00 | - |
| OTHER CURRENT ASSETS | | |
| Interest accrued on Fixed Deposit | 22,604.00 | 20,098.35 |
| | 7,057,505.93 | 7,079,126.15 |
| SCHEDULE '7': CURRENT LIABILITIES & PROVISIONS | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors | 6,991,324.10 | 4,751,586.79 |
| Other Liabilities | 2,987,105.48 | 3,448,314.28 |
| Interest Accrued But not due on Term Loan | 10,084.00 | 15,570.00 |
| | 9,988,513.58 | 8,215,471.07 |
| PROVISIONS | | |
| Provision for Fringe benefit tax [Net of Advance] | - | 79,137.00 |
| | - | 79,137.00 |

MILESTONE GLOBAL LIMITED

[Amount In Rs]

| | 2008-09 | 2007-2008 |
|---|-----------------------|----------------------|
| SCHEDULE 8 : | | |
| OTHER INCOME | | |
| Exchange Gain | 163,100.54 | 674,701.00 |
| Interest received | 44,963.73 | 76,369.35 |
| Profit on sale of fixed assets | 00.00 | 60,519.20 |
| | 208,064.27 | 811,589.55 |
| SCHEDULE - 9 | | |
| COST OF MATERIALS | | |
| Raw Material Consumed | 50,710,842.40 | 53,028,432.00 |
| Packing Material Consumed | 3,248,988.00 | 4,012,272.00 |
| Stores & Spares Consumed | 8,673,543.51 | 6,799,591.07 |
| | 62,633,373.91 | 63,840,295.07 |
| Increase / (decrease) in process and finished stock | (3,077,516.00) | 3,579,000.00 |
| | 65,710,889.91 | 60,261,295.07 |
| SCHEDULE - 10: | | |
| MANUFACTURING & OTHER EXPENSES | | |
| Manufacturing Expenses | | |
| Payments to and Provisions for | | |
| Employees: Salary, Wages, Bonus, etc., | 17,979,784.00 | |
| Company's Contribution to PF, ESI, etc., | 890,761.00 | |
| Staff Welfare | 193,779.00 | |
| Repairs & Maintenance | 1,810,467.77 | 17,958,036.00 |
| Power & Fuel | 4,345,807.00 | 1,954,512.00 |
| Loss on sale of fixed assets | 0.00 | 4,566,144.00 |
| Sculpturing | 0.00 | 4,461.00 |
| | 25,220,598.77 | 24,719,196.00 |
| ADMINISTRATIVE EXPENSES | | |
| Rates, Taxes | 675,519.60 | 821,529.40 |
| Insurance | 369,250.00 | 72,383.00 |
| Travelling | 6,224,352.83 | 6,249,980.18 |
| Miscellaneous Expenses | 4,187,856.71 | 5,420,565.22 |
| Exchange Loss | 00.00 | 43,632.00 |
| | 11,456,979.14 | 12,608,089.80 |
| SELLING & DISTRIBUTION EXPENSES | | |
| Selling expenses | 0.00 | 326,152.00 |
| Forwarding & Shipping Charges | 11,111,467.55 | 4,475,381.00 |
| Sales Commission | 0.00 | 30,659.00 |
| Sales Promotion | 69,359.20 | 240,056.80 |
| | 11,180,826.75 | 5,072,248.80 |
| | 47,858,404.66 | 42,399,534.60 |
| INTEREST | | |
| Interest on Fixed Loans | 503,979.09 | 62,350.86 |
| Interest paid others | 406,663.00 | 43,750.57 |
| Other Bank charges & Interest | 356,063.20 | 289,748.80 |
| | 4,926,675.29 | 5,270,750.23 |

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

SCHEDULE: 11**1) PRINCIPLES OF CONSOLIDATION:**

- 1) The consolidation of financial statements of the group have been prepared on the following basis:
- The consolidated financial statements of the group are prepared in accordance with Accounting standard – 21 “consolidated financial statements” issued by ICAI
 - 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
 - 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 31.03.2009 |
|-------------------------------|--------------------------|--------------------------|
| Milestone Global (UK) Limited | U.K. | 100% |
| Milestone Global (NZ) Limited | [NEWZELAND] | 100% |
| ANA Hospitality Pvt. Limited | INDIA | 100% |
- 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 31st March, 2009 Rs. | As at 31st March, 2008 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 31-03-2009 are as under : | | |
| 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. | 16,69,490 | 21,65,540 |
| Deferred Tax Assets: | | |
| i). Items under the Income Tax Act which will be allowed on actual payment. | 98,120 | 1,18,120 |
| 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):

| | | |
|---|-----------|-----------|
| a) Net Profit available for Equity Shareholder. (Numerator used for calculation) | (819750) | 610112.25 |
| b) Number of Equity Shares. (Used as denominator for calculating EPS) | 50,17,600 | 50,17,500 |
| c) Basic and Diluted earnings per Share of Rs.10/- each. | (0.11) | 0.44 |

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:

| | | |
|-------------------|---|--------------------|
| 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
Rs.**

| | |
|--------------|------------------------|
| Remuneration | 26,40,000 (1940000) |
|--------------|------------------------|

Unsecured Loan

| | |
|--------------------------------------|------------------|
| Balance at the beginning of the year | 1400000 (NIL) |
| Amount paid during the year | NIL (1400000) |
| Amount received during the year | 1400000 (NIL) |

Closing Balance at the end of the year :

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 :

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

| PARTICULARS | U.S.A. | EUROPE | NEWZELAND | TOTAL |
|--------------------------------------|-------------------|-------------------|------------------|--------------------|
| 1. SEGMENT REVENUE : | | | | |
| External Sales | 54,791,606 | 69,977,420 | 544,593 | 125,313,619 |
| Inter Segment Sales | - | - | - | - |
| TOTAL REVENUE | 54,791,606 | 69,977,420 | 544,593 | 125,313,619 |
| 2. SEGMENT EXPENSES | 7,304,570 | 3,876,256 | - | 11,180,826 |
| 3. SEGMENT RESULT | 47,487,036 | 66,101,164 | 544,593 | 114,132,793 |
| Common Expenses | 49,712,690 | 64,422,118 | 645,593 | 114,780,401 |
| Common Income | 103,495 | 104,569 | - | 208,064 |
| Extra Ordinary Items | - | - | - | - |
| 4. PROFIT/(LOSS) BEFORE TAX | -2122159 | 1783615 | -101000 | -439545 |
| Excess provision of tax written back | - | - | - | 25650 |
| I. tax & FBT Paid for earlier years | - | - | - | -63580 |
| PROVISION FOR TAXATION | | | | |
| Current Tax | - | - | - | -315000 |
| Defferred Tax | - | - | - | 476050 |
| Fringe Benefit Tax | - | - | - | -250000 |
| PROFIT/(LOSS) AFTER TAX | - | - | - | -526425 |
| 5. SEGMENT ASSETS (DEBTORS) | | | | |
| Debtors | 8,098,510 | 24,760,801 | - | 32,859,311 |
| Current Assets | - | - | 1,326,899 | 1,326,899 |
| Common Assets | - | - | - | 106,386,299 |
| TOTAL ASSETS | 8,098,510 | 24,760,801 | 1,326,899 | 140,572,509 |
| 6. SEGMENT LIABILITIES | | | | |
| Common Liabilities | - | - | 1,425,006 | 1,425,006 |
| TOTAL LIABILITIES | - | - | - | 140,572,509 |
| 7. Capital Expenditure | - | - | - | 2,946,082 |
| 8. Depreciation | - | - | - | 7,465,258 |
| 9. Other Non-Cash Expenditure | - | - | - | - |

Note: Figures in Brackets are in respect of Previous Year

As per our report Attached
For P.L.TANDON & CO.,
Chartered Accountants
Sd/-

[P.P.SINGH]
Partner

Place: Hoskote
Date : 30.06..2009

For and on behalf of Board of Director

Sd/-

[SUNIL KUMAR AGARWAL]
Managing Director

Sd/-

[FIAZ AHMED]
Director

Consolidated Cash-Flow Statement for the year Ended 31st March 2009,

| Particulars | 2008-2009 | 2007-08 |
|--|---------------------|---------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) before tax | (439,545) | 1,704,560 |
| ADJUSTMENT FOR | | |
| Depreciation | 7,465,258 | 7,892,259 |
| Interest Received | (44,964) | (76,369) |
| Interest Paid | 4926675 | 5270750 |
| (Profit/Loss on sale of Fixed Assets (Net) | - | (56,058) |
| Asset w / off | 81,088 | - |
| Exchange (Gain) / Loss | (163,100) | (674,701) |
| Deferred Revenue Expnses | (57,725) | - |
| Exchange (Gain) / Loss on consolidation | (28,643) | - |
| Operating Profit before working capital changes | 11,739,044 | 14,060,441 |
| (Increase)Decrease in Sundry Debtors | (2,200,454) | 12,127,080 |
| (Increase)Decrease in Inventories | 7,770,646 | (3,992,087) |
| (Increase)Decrease in Loans and advances | 106,127 | (2,532,641) |
| (Increase)Decrease in Current liabilities | 1,778,529 | (608,019) |
| Cash Generateed from Operations | 19,193,892 | 19,054,774 |
| Taxes Paid | (764,068) | (711,544) |
| Net cash from operating activities (A) | 18,429,824 | 18,343,230 |
| B. CASH FLOW USED IN INVESTING ACTIVITIES (B) | | |
| Purchase of fixed assets | (12,770,332) | (3,956,987) |
| Sale of fixed asset | - | 531669 |
| Goodwill on Consolidation | (559,951) | - |
| Interest Received | 42,458 | 65,741 |
| Net cash used in Investing Activity [B] | (13,287,825) | (3,359,577) |
| C. CASH FLOW USED IN FINANCING ACTIVITIES | | |
| Proceeds from Loan Unsecured | 5,358,000 | 1,400,00 |
| Repayment of long term borrowings | (755,004) | (141,571) |
| Exchange Gain | 163,100 | 674,701 |
| Cash Credit Account | (3,541,043) | (7,145,196) |
| Repayment of Vehicle Loan | (1,096,028) | (444,830) |
| Interest Paid | (4,932,161) | (5,255,180) |
| Net Cash used in Financing Activities [C] | (4,803,136) | (10,912,076) |
| Net Increase in cash and cash equivalent (A+B+C) | 338,862 | 4,071,577 |
| Cash and Cash Equivalent at the beginning of the year | 7,353,685 | 3,423,160 |
| Cash and Cash Equivalent at the End of the year | 7,692,547 | 7,494,737 |

As per our report Attached
For P.L.TANDON & CO.,
Chartered Accountants
Sd/-

[P.P.SINGH]
Partner

Place: Hoskote
Date: 30.06..2009

For and on behalf of Board of Director

Sd/-
[SUNIL KUMAR AGARWAL]
Managing Director

Sd/-
[FIAZ AHMED]
Director

MILESTONE GLOBAL LIMITED

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

PROXY FORM

19TH ANNUAL GENERAL MEETING

Regd. Folio No.: No. of shares:.....

*DP ID No. : *Client ID No. :

I / we of being a member of Milestone Global Limited do hereby appoint of or failing him / her of or failing him / her of as my / our Proxy to attend and vote for me / us, on my / our behalf at the 19th Annual General Meeting of the members of the Company to be held on Saturday, September 26, 2009 at 10:00 a.m. at the registered office of the Company 54-B, Hoskote Industrial Area (KIADB), Chintamani Road, Hoskote – 562114, Karnataka and / or at any adjournment thereof.

** I / We direct my / our proxy to vote on the resolution(s) in the manner as indicated below:

| Sl. No. | Resolutions | For | Against |
|---------|---|-----|---------|
| 1 | Adoption of Balance sheet as at March 31, 2009 and Profit & Loss Account for the year ended on that date and the reports of the Board of Directors' and Auditors' thereon | | |
| 2. | Reappointment of Mr. Alok Krishna Agarwal | | |
| 3 | Appointment of Ms/ PL Tandon & Co. Chartered Accountants, Kanpur as Statutory Auditors and fixation of their remuneration | | |
| 4 | Election of Ms. Vinita Sahay as Director | | |

As witness my hand /our hand(s) this..... day of September 2009.

Affix a revenue stamp

Signature of Member

NOTES:

1. Revenue stamps of not less than 15 paise must be affixed on the form.
2. The form should be signed across the stamp as per specimen signature registered with the company.
3. The proxy form should be deposited at least 48 hours before the commencement of the meeting at the registered office of the Company.
4. A proxy need not be a member of the Company.
5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
6. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the Meeting.
7. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the column "For" or "Against" as appropriate.

* Applicable for the members holding shares in electronic form.

** This is optional. Please put a tick mark (-ü) in the appropriate column against the Resolutions indicated in the Box. If a member leaves the "For" or "Against" column blank against any or all the Resolutions, the proxy will be entitled to vote in the manner he/she thinks appropriate. If a member wishes to abstain from voting on a particular Resolution, he/she should write "Abstain" across the boxes against the Resolution.

MILESTONE GLOBAL LIMITED

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

ATTENDANCE SLIP

19th Annual General Meeting to be held on Saturday September 26, 2009 or adjourned thereof

Regd. Folio No.: No. of shares:.....

*DP ID No. : *Client ID No. :

Name of Shareholder:.....

Signature of the shareholder/ Proxy

Note: Please fill up this attendance slip and hold over at the entrance of the meeting hall.

Milestone Global Limited

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

Tel : 91-80-27971334 / 345, Fax : 91-80-27971537