

Elegant Marbles & Grani Industries Ltd.

Board of Directors Ram Chawla
Radhey Shyam Agarwal
Raj Kumar Mittal
Rajesh Agrawal, *Chairman & Managing Director*
Rakesh Agrawal, *Deputy Managing Director*

Auditors Ravi & Dev
Chartered Accountants
601,6th Floor, 'A'wing, Aurus Chamber,
S. S. Amrutwar Marg, Behind Mahindra Tower,
Worli, Mumbai - 400 013.

Bankers

- Citi Bank N.A., Mumbai
- HDFC Bank Ltd., Mumbai
- Kotak Mahindra Bank Ltd., Mumbai
- ICICI Bank Ltd., Mumbai

Registered Office & Works E- 7/9, RIICO Industrial Area,
Abu Road - 307 026
Rajasthan.

Corporate Office Elegant House,
Raghuvanshi Mills Compound,
Senapati Bapat Marg,
Lower Parel,
Mumbai - 400 013.
E-mail : elegantmarbles@gmail.com
Website : <http://www.elegantmarbles.com>

Registrars & Transfer Agents Universal Capital Securities Pvt. Ltd.
21, Shakil Niwas,
Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.

27th Annual Report 2011 - 2012

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTYSEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF ELEGANT MARBLES & GRANI INDUSTRIES LIMITED WILL BE HELD AS INDICATED BELOW:

Day : TUESDAY
Date : 24th July, 2012
Time : 9.00 a.m.
Place : at the Registered Office of the Company :
E-7/9, RIICO Industrial Area,
Abu Road, – 307 026
Rajasthan.

To transact the following business:-

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2012 and the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
- 2) To declare dividend on equity shares.
- 3) To appoint a Director in place of Shri Rakesh Agrawal who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Shri Ram Chawla who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint M/s. Ravi & Dev, retiring auditors to hold office from conclusion of this Annual General Meeting until the conclusion of the next annual general meeting and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

- 6) To consider and if thought fit, to pass the following resolutions, with or without modifications, as **Special Resolution**.

"**RESOLVED THAT** pursuant to the provisions of Sections 198, 269 read with schedule XIII, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such sanctions and approvals as may be necessary, the consent of the Company be and is hereby accorded for reappointment of Shri Rajesh Agrawal, as the Chairman & Managing Director of the Company for a period of Three years effective from 1st August 2012 at the remuneration including salary, commission, perquisites, allowances etc., and on the terms and conditions set out in the Explanatory Statement relating to this Resolution with powers to the Board of Directors to alter and vary terms and conditions and remuneration (including minimum remuneration in case of absence or inadequacy of profits) in such manner as the Board may deem fit and is acceptable to Shri Rajesh Agrawal within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto.

"**RESOLVED FURTHER THAT** in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances etc., within such prescribed limit or ceiling and the terms and conditions between the Company and Shri Rajesh Agrawal be suitably amended to give effect of such modification, relaxation or variation."

- 7) To consider and if thought fit, to pass the following resolutions, with or without modifications, as **Special Resolution**.

"**RESOLVED THAT** pursuant to the provisions of Sections 198, 269 read with schedule XIII, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such sanctions and approvals as may be necessary, the consent of the Company be and is hereby accorded for reappointment of Shri Rakesh Agrawal as the Managing Director of the Company for a period of Three years effective from 1st October 2012 at the remuneration including salary, commission, perquisites, allowances etc., and on the terms and conditions set out in the Explanatory Statement relating to this Resolution with powers to the Board of Directors to alter and vary terms and conditions and remuneration (including minimum remuneration in case of absence or inadequacy of profits) in such manner as the Board may deem fit and is acceptable to Shri Rakesh Agrawal within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto.

"**RESOLVED FURTHER THAT** in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956 the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances etc., within such prescribed limit or ceiling and the terms and conditions between the Company and Shri Rakesh Agrawal be suitably amended to give effect of such modification, relaxation or variation."

By Order of the Board of Directors
For Elegant Marbles & Grani Industries Limited

DATE : 29th May, 2012
PLACE : Mumbai

Rajesh Agrawal
(Chairman & Managing Director)

REGISTERED OFFICE :
E-7/9, RIICO Industrial Area,
Abu Road – 307 026,
Rajasthan.

Elegant Marbles & Grani Industries Ltd.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant Explanatory Statement Pursuant to the Section 173 (2) of the Companies Act, 1956, is Annexed hereto.
3. Members attending the meeting are requested to complete the enclosed Attendance Slip and deliver the same at the entrance of the meeting place.
4. Members are requested :
 - a) To bring their copies of Annual Report and Attendance Slip at the time of the meeting.
 - b) To quote their Folio Nos. in all correspondence.
5. Members desiring any information as regards the accounts are requested to write to the Company at least 7 days in advance of Annual General Meeting so as to enable the management to keep the information ready.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday 18th July, 2012 to Monday 23rd July, 2012 (both days inclusive).
7. The Directors have recommended dividend @ Rs. 2.00 per Equity Share, which will be paid to the members whose names appear in the Company's Register of Members on 24th July, 2012 and Dividend Warrants will be posted to them on or before 23rd August, 2012.
8. Members are aware that as per the Finance Act, 2003 no tax will be deducted at source on the dividend payable to the shareholders.
9. In terms of the Provisions of Section 205A of the Companies Act, 1956 as amended, the unclaimed dividends are now required to be transferred to the Investors Education and Protection Fund established by the Central Government after a period of Seven years from the date it is transferred to unpaid dividend account. Shareholders are, therefore, requested to verify their records and send claims, if any, for the relevant years from 2004-05 onwards before the respective amounts become due for transfer to the fund. The Unpaid Dividend Account for the year 2004-05 will be due for transfer to the Fund in September 2012. Shareholders, who have not encashed the dividend warrants for the said year are, therefore, requested to immediately forward the same to M/s. Universal Capital Securities Private Limited for payment.
10. Members are requested to inform the Company's Registrar & Transfer Agent M/s. Universal Capital Securities Private Limited, 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai – 400 093, any change in their address immediately so as to enable the Company to dispatch dividend warrants and any further communication at their correct address.

11. Information required to be furnished under the Listing Agreement:

As required under the Listing Agreement, the particulars of the Directors who are proposed to be re-appointed are furnished below:

I) Item No.3, 4, 6 and 7 of the Notice:

| | | | |
|--------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------|
| Name | Shri Rakesh Agrawal | Shri Ram Chawla | Shri Rajesh Agrawal |
| Age | 47 yrs | 69 yrs | 50 yrs |
| Nationality | Indian | Indian | Indian |
| Qualification | B.Com | B.Sc (Eng.) & GD (Architect) | Chartered Accountant |
| Expertise | Specialised in Marketing and Business Management | Renowned Architect with Special Expertise in Consultancy on high end projects all around the Globe | Specialised in Finance and Business Management |
| Date of Appointment | 5 th November, 1984 | 7 th January, 1985 | 5 th November, 1984 |
| Directorship held in other Companies | NIL | NIL | NIL |
| Committee position held in other Companies | NIL | NIL | NIL |

Shri Rakesh Agrawal is not a Member/Chairman of any Committee.

Shri Ram Chawla is a Chairman of Share Transfer and Shareholder / Investor Grievance Committee. He is a Member of Audit Committee and Remuneration Committee of the Company.

Shri Rajesh Agrawal is a Member of Share Transfer and Shareholder / Investor Grievance Committee.

Shri Rajesh Agrawal and Shri Rakesh Agrawal are related to each other as brothers.

Annexure to notice

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

Item nos. 6 & 7

In terms of recommendation of Remuneration Committee and subject to the approval of the Members, the Board of Directors at its meeting held on 29th May, 2012 have Re-appointed Shri Rajesh Agrawal as the Chairman & Managing Director of the Company for a period of Three years effective from 01st August, 2012 and Shri Rakesh Agrawal as the Managing Director of the Company for a period of Three years effective from 01st October, 2012 at the Remuneration including salary, commission, perquisites, allowances etc. and on the terms and conditions as laid down hereinafter.

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The Board of Directors has fixed the following remuneration on recommendation of remuneration committee to be paid to the Chairman & Managing Director and Managing Director with power to make such variation or increase therein as may be thought fit from time to time but within the ceiling laid down in Schedule XIII of the Companies Act, 1956 or any Statutory amendment or relaxation thereof:

1. Remuneration

Salary

Rs.1,50,000 p.m. (Rupees One Lac Fifty Thousand only).

Commission

As may be determined by the Board of Directors of the Company at the end of each financial year, subject to overall ceiling stipulated from time to time under Sections 198, 309 and all other applicable provisions of the Companies Act, 1956, as may for the time being be in force.

Perquisites

In addition to the salary and commission, the following perquisites shall also be allowed to him:-

a) Housing

The Company shall provide him fully furnished residential accommodation together with all amenities, facilities and utilities such as Gas, Water, Electricity and Fuel etc. as may be approved by the Board from time to time. The expenditure incurred by the Company on Gas, Electricity, Water & Furnishings shall be valued as per Income Tax Rules, 1962.

b) Medical Reimbursement

Reimbursement of medical expenses incurred in India or abroad and including hospitalisation nursing home and surgical charges and premium for medical insurance incurred for self and family.

c) Leave Travel Concession

Reimbursement of actual travelling expenses for proceeding on leave once in a year in respect of himself and family.

d) Club Fees

Fees of Clubs, subject to a maximum of two clubs. This will not include admission and life membership fees.

e) Personal Accident Insurance

Premium payable for himself and his family.

f) Provident Fund, Superannuation Fund and Annuity Fund

Contribution to Provident Fund, Superannuation Fund and Annuity Fund will not be included in the computation of remuneration to the extent these singly or put together are not taxable under Income Tax Rules, 1962.

g) Gratuity

Gratuity shall be payable at half month's salary for each completed year of service and will not be included in computation of remuneration.

h) Leave and encashment of Leave

The Managing Director shall be entitled to leave with full pay as per the rules of the Company and will be entitled to encash the accumulated leave at the end of the tenure / retirement.

I) Free use of Company's car with driver for Company's business.

Use of car for private purposes shall be billed by the Company to Shri Rajesh Agrawal and Shri Rakesh Agrawal respectively..

j) Telephone

Free use of telephone for Company's Business. Use of telephone for private purposes shall be billed by the Company to Shri Rajesh Agrawal and Shri Rakesh Agrawal respectively.

Reimbursement of Expenses

Reimbursement of entertainment, traveling, hotel and other expenses actually and properly incurred for the business of the Company subject, however to a reasonable ceiling as may be fixed by the Board of Directors.

2. Minimum Remuneration

Notwithstanding any thing contrary herein contained, where in any financial year during the currency of the tenure of the Chairman & Managing Director and the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above subject to limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto.

For the purpose of the perquisites family shall mean the spouse, the dependent children and the dependent parents of the appointee.

This may be treated as abstract of the term of appointment of Shri Rajesh Agrawal and Shri Rakesh Agrawal in terms of section 302 of the Companies Act, 1956.

Your directors recommend the resolution set out in item number 6 & 7 of the notice conveying the Meeting.

None of the directors of the company except Shri Rajesh Agrawal and Shri Rakesh Agrawal Directors of the company are concerned or interested in the resolution.

I. General Information:

- (a) Nature of Industry : Processing of Marble Blocks into slabs, Tiles and Import /Export and Trading of Marbles/Granites/Tiles
 - (b) Date or expected date of commencement of commercial production : Already In production since 1985
 - (c) In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the
-
-

Elegant Marbles & Grani Industries Ltd.

prospectus: N.A

- (d) Financial performance based on given indicators : N.A
(e) Export performance and net foreign exchange collaborations : N.A
(f) Foreign Investments or collaborators, if any : N.A

II. Information about the Appointees:

| Name | Shri Rajesh Agrawal | Shri Rakesh Agrawal |
|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Background Details: | Chartered Accountant by profession and is the founder of the Company as well as the Promoter of the Company | Marketing Graduate by profession and is the founder of the Company as well as the Promoter of the Company |
| Past remuneration | Salary Rs. 1,50,000/- per month plus perquisites as per the agreement | Salary Rs. 1,50,000/- per month plus perquisites as per the agreement |
| Recognition or awards | NIL | NIL |
| Job Profile and his suitability | Chairman & Managing Director looking after overall performance of the Company and specializing in Finance/Investment and Purchases | Managing Director and responsible for overall Marketing, Sales and New Ventures of the Company. |
| Remuneration proposed | Salary Rs. 1,50,000/- per month plus perquisites as per the agreement. Perquisites to be valued as per the Income Tax Act. | Salary Rs. 1,50,000/- per month plus perquisites as per the agreement. Perquisites to be valued as per the Income Tax Act. |
| Comparative remuneration profile with respect to industry, size of the company, profile of the position and person | Almost reasonable and same | Almost reasonable and same |
| Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any | Founder and Promoter of the Company | Founder and Promoter of the Company |

III. Other Information:

- a. Reasons of loss or inadequate profits : NIL.
b. Steps taken or proposed to be taken for improvement : Strengthening marketing Teams and techniques for higher profitability.
c. Expected increase in productivity and profits in measurable terms : Around 20-25% p.a.
d. Valuation of perquisites paid have been calculated as per Income Tax Act.

IV. Disclosures:

The Corporate Governance report which forms a part of the Director Report contains details of the remuneration being paid to Shri Rajesh Agrawal and Shri Rakesh Agrawal.

By Order of the Board of Directors
For **Elegant Marbles & Grani Industries Limited**

Rajesh Agrawal
(Chairman & Managing Director)

Place : Mumbai
Date : 29th May, 2012

**HIGHLIGHTS
of the year
2011-2012**

| | |
|----------|---------------|
| TURNOVER | Rs. 1790 LACS |
|----------|---------------|

| | |
|------------|--------------|
| NET PROFIT | Rs. 373 LACS |
|------------|--------------|

| | |
|------------|------------|
| BOOK VALUE | Rs. 105.37 |
|------------|------------|

| | |
|-----|----------|
| EPS | Rs. 8.30 |
|-----|----------|

| | |
|----------|----------|
| CASH EPS | Rs. 7.55 |
|----------|----------|

| | |
|----------|---------|
| DIVIDEND | Rs. 20% |
|----------|---------|

Elegant Marbles & Grani Industries Ltd.

DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting their Twenty-Seventh Annual Report on the business and operations of the Company together with the Audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the year ended on that date.

1. FINANCIAL RESULTS

The Financial Results of the Company for the year under review are summarised below :

| Financial Results | For the Year Ended 31-3-2012 (Rs. in Lacs) | For the Year Ended 31-3-2011 (Rs. in Lacs) |
|-----------------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
| I. INCOME | | |
| Revenue from operations | 1790.85 | 2546.29 |
| Other income | 292.95 | 319.08 |
| TOTAL | <u>2083.80</u> | <u>2865.37</u> |
| II. EXPENDITURE | | |
| Cost of raw material consumed | 401.29 | 1034.20 |
| Purchases of traded goods | 1047.06 | 1273.19 |
| Changes in inventories of finished goods, work-in-progress and Stock- in-Trade | (124.22) | (300.38) |
| Employees benefit expenses | 57.19 | 57.57 |
| Depreciation and amortization expense | 15.52 | 14.94 |
| Other expenses | 282.33 | 344.75 |
| TOTAL | <u>1679.17</u> | <u>2424.27</u> |
| Profit for the year before taxes | <u>404.63</u> | <u>441.10</u> |
| Tax expense: | | |
| (1) Current Tax | (80.00) | (80.00) |
| (2) Deferred tax (Net) | 49.18 | 6.55 |
| (3) Previous years income tax | (0.32) | 0.86 |
| Profit for the year after taxes | <u>373.49</u> | <u>368.51</u> |
| Add : Profit brought forward | 1946.70 | 1742.80 |
| Profit available for appropriation | <u>2320.19</u> | <u>2111.30</u> |
| Appropriations : | | |
| Proposed Dividend | 90.00 | 90.00 |
| Corporate Dividend tax | 14.60 | 14.60 |
| Transferred to General Reserve | 60.00 | 60.00 |
| TOTAL | <u>164.60</u> | <u>164.60</u> |
| Surplus carried to balance sheet | <u>2155.59</u> | <u>1946.70</u> |

2. BUSINESS PERFORMANCE

Sales Income

Sales income for the year ended 31st March, 2012 amounted to Rs. 1790.85 lacs as against Rs. 2546.29 lacs for the corresponding previous year, registering a decline of 29.67% due to a global meltdown affecting sentiments in India as well.

Exports : The Company has started exporting marbles slabs to various countries and achieved export turnover of Rs. 12.87 lacs during the year.

Profits

The Company has earned Profit after tax of Rs. 373.49 lacs for the year ended 31st March, 2012 as against Rs. 368.51 lacs for the previous year registering an increase of 1.35%. The Equity Share of the Company has book value of Rs 105.37 with the EPS of Rs.8.30 for the year 2011-2012.

Dividend

The Board of Directors is pleased to recommend the payment of dividend of 20% for the year ended 31st March, 2012 on the paid up equity capital. The said dividend, if approved by the shareholders at the Annual General Meeting, would absorb Rs.104.60 lacs (including Corporate Dividend Tax) out of the profit for the year.

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3. BUSINESS OVERVIEW

Your Company is one of the leading manufacturers & providers of choicest and exclusive range of Indian & Imported marbles & granites. The Company has developed long-term relationships with several niche clients in India & abroad. Over the years, your Company has evolved in response to changing customer demands and aspirations. Aggressive marketing and rational utilization of resources by the management of the Company has helped to record such excellent results for the year under review. The Company has deployed considerable attention and resources on creating the better future for itself, so that when the cyclical trends on the commodity become more favourable, as has been the experience in the past, the Company is well positioned to capture benefits of the upturn.

Customer Relationships

Your Company believes that strengthening the relationships with its existing clients is as important as adding new names to its clientele. The Company has been exploring new opportunities with its existing clients and has also added many new clients during the year under review.

Personnel & Performance

Your Company has been able to develop an environment, which is conducive to high growth and performance, a work culture that encourages meritocracy and rewards high performers in an adequate and fair manner.

4. CURRENT YEAR

The construction industry, on which the growth of your Company depends, is showing signs of revival in the current year after a long period of economic downturn. Your Directors hope that on the basis of priority conferred by the Government to the housing and infrastructure industry, demand for granites and marbles would considerably improve. The Management is fully geared up to take the maximum advantage of any upsurge in demand and shall lose no opportunity in capturing a major share of the incremental market demand. The Sales team is on high alert for scouting all new and existing opportunities as regards to big projects and retail demand as well.

5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The prescribed particulars under Section 217(1)(e) of the Companies Act, 1956 relating to conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are furnished in Annexure to this section.

6. PARTICULARS OF EMPLOYEES

Pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 as amended, the Company has no person in its employment drawing salary in excess of Rs.24 lacs per annum or Rs.2 lacs per month.

7. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

8. FIXED DEPOSITS

The Company has not accepted any Deposits from the public during the year under review.

9. DEPOSITORY SYSTEM

The Company has entered into agreement with the National Securities Depository Limited as well as the Central Depository Services (India) Limited (CDSL) to enable shareholders to hold shares in a dematerialized form. The Company also offers simultaneous dematerialization of the physical shares lodged for transfer.

10. DIRECTORS

RETIREMENT BY ROTATION :

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association Shri Rakesh Agrawal & Shri Ram Chawla, Director of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

11. DISCLOSURE UNDER SECTION 274 (1) (g)

None of the Directors of the Company have been disqualified under Section 274 (1) (g) of the Companies Act, 1956.

12. AUDITORS

Messrs Ravi & Dev Chartered Accountants, Mumbai hold office until the conclusion of the ensuing Annual General Meeting. They are, however eligible for re-appointment and have indicated their willingness to renew their term. It is proposed to re-appoint them as auditors till the conclusion of the next annual general meeting.

Elegant Marbles & Grani Industries Ltd.

13. AUDITORS REPORT

The notes to accounts referred to in the Auditor's Report are self-explanatory and, therefore, do not call for any further comments.

14. LISTING

The Company's Equity Capital is listed on the Stock Exchanges of Jaipur and Mumbai. The Company confirms that it has paid annual listing fees due to these stock exchanges for the year 2011-2012.

15. COMPLIANCE CERTIFICATE UNDER SECTION 383A FROM PRACTISING COMPANY SECRETARY

The Company has obtained a compliance certificate under section 383A from practising Company Secretary Mr. Virendra Bhatt which is enclosed herewith with the Directors Report.

16. CORPORATE GOVERNANCE

The Company has been proactive in following the principles and practices of good corporate governance. The Company has ensured that the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange are duly complied with. A separate Statement on Corporate Governance and management discussion & Analysis is given in this Report. A certificate from the Auditors of the Company regarding compliance of Clause 49 of the Listing Agreement is attached to this Report.

17. ACKNOWLEDGEMENT

Your Directors are sure that the shareholders would like to join them in conveying their deep appreciation and gratitude to all our Bankers, shareholders, our clients, Interior Decorators and Architects, Suppliers for their valued support resulting in the creditable performance of the Company. The Directors also wish to record their appreciation of the services rendered by the staff members of the Company for their dedicated service.

For and on behalf of the Board

Place : Mumbai
Date : 29th May, 2012

Rajesh Agrawal
Chairman & Managing Director

ANNEXURE A : TO DIRECTORS REPORT

Statement pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (disclosure of particulars in report of board of directors) Rules, 1988

A. CONSERVATION OF ENERGY

The Company does not belong to the category of power intensive industry and hence consumption of power is not significant. However, the Management gives due importance to conservation of energy, wherever feasible, and also reviews from time to time, the measures taken / to be taken for reduction of consumption of energy.

B. TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT

(i) Research & Development (R & D)

The Company undertakes from time to time, studies for process improvement and plant design development, to improve quality and performance of its products, to substitute imported material and components and to economise the production costs. Based on these studies, appropriate actions are taken to achieve these goals. In absence of a separate research & development department, it is difficult to quantify the amount spent on research & development.

(ii) Technology absorption, adaption and innovation

Efforts are made to absorb the advances in technology with suitable modifications to cater to local needs. The Company keeps itself updated with the latest technological innovations by way of constant communication, personal discussions etc.

C. FOREIGN EXCHANGE USED & EARNED

Foreign exchange used : Rs 16.56 Lacs
Foreign exchange earned : Rs.12.87 Lacs

For and on behalf of the Board of Directors

Place : Mumbai
Date : 29th May, 2012

Rajesh Agrawal
Chairman & Managing Director

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MANAGEMENT DISCUSSION AND ANALYSIS

The Management of Elegant Marbles and Grani Industries Ltd is pleased to present the following Management Discussion and Analysis Report which contains a brief write-up on the industry structure, opportunities and concerns, performance of the Company with respect to the operations other information. This chapter on Management Discussion and Analysis forms a part of the compliance report on Corporate Governance.

Indian Economy And Industry Overview

Recovering from the global meltdown effect of last two years, India is now poised and set to be the second fastest growing economy in the Asia Pacific Region. The productivity growth rate of Indian economy is estimated to be around 8% and it is expected to sustain until 2020. Infrastructure integrated with real estate development has been the backbone of such sustained growth and continues to be the focal point for our economy. High per Capita income resulting in high per capita spending is directly related to the demand of our products and we foresee a bright future ahead.

Economic Overview (2011-12)

The overall GDP forecast for 2012-13 is estimated at 8 %.

Soaring CPI due to increase in food prices, has undermined consumer spending. RBI has resorted to monetary tightening in an effort to curb inflationary pressure on the economy.

Due to improvement in the investment scenario and FDI touching USD 2 billion in January 2010, it can be assured that India has escaped the global crisis and confidence has been gained in the economic prospects.

Industry Structure and Development

Real Estate sector and consumer confidence witnessed a complete turnaround with signs of economic stabilisation and moderate growth in global economic performance in second and third quarter of 2011. Property Markets in India began to exhibit signs of revival during this time with the return of liquidity in the real estate sector and firm prices in the recent months, cash flows of realty players improved resulting in renewed construction of stalled projects and a few new launches as well. Clearly we believe that we are entering an exciting new phase of development. We are fully geared to take advantage of the buoyant real estate demand which will generate a huge demand for the company's products.

Emerging out of the world economic crisis with only minor bruises, the industry is poised to enter a growth phase and is on the threshold of a major transformation. In terms of demand, Marble and Granite Industry is fortunately placed and this should spur its growth.

Financial And Operational Performance

The table below gives the Company's financial performance for 2011-12 compared with 2010-11

The Financial Results of the Company for the year under review are summarised below :

| Financial Results | For the Year Ended 31-3-2012 (Rs. in Lacs) | For the Year Ended 31-3-2011 (Rs. in Lacs) |
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| II. EXPENDITURE | | |
| Cost of raw material consumed | 401.29 | 1034.20 |
| Purchases of traded goods | 1047.06 | 1273.19 |
| Changes in inventories of finished goods, work-in-progress and Stock- in-Trade | (124.22) | (300.38) |
| Employees benefit expenses | 57.19 | 57.57 |
| Depreciation and amortization expense | 15.52 | 14.94 |
| Other expenses | 282.33 | 344.75 |
| TOTAL | 1679.17 | 2424.27 |
| Profit for the year before taxes | 404.63 | 441.10 |
| Tax expense: | | |
| (1) Current Tax | (80.00) | (80.00) |
| (2) Deferred tax (Net) | 49.18 | 6.55 |
| (3) Previous years income tax | (0.32) | 0.86 |
| Profit for the year after taxes | 373.49 | 368.51 |
| Add : Profit brought forward | 1946.70 | 1742.80 |
| Profit available for appropriation | 2320.19 | 2111.30 |
| Appropriations : | | |
| Proposed Dividend | 90.00 | 90.00 |
| Corporate Dividend tax | 14.60 | 14.60 |
| Transferred to General Reserve | 60.00 | 60.00 |
| TOTAL | 164.60 | 164.60 |
| Surplus carried to balance sheet | 2155.59 | 1946.70 |

Segment-wise or product-wise performance

The company manufactures and deals in Marble/Granites/Tiles and allied products. The segment results and other details of Marbles and other segment are furnished in the Notes on Accounts.

Opportunities

There are excellent opportunities in marble industry due to large scale investment in infrastructure and construction activity. The constant growth in construction sector has escalated the demand for marbles and granites substantially both in domestic and international markets. Your company has capabilities to quickly adopt to the changing market condition and sustain the projected growth in sales and profits.

Business Outlook

The company is proactively responding to the changing business environment and is confident of sustaining its market share by improving competitive positioning in the market. The overall business outlook for the company is promising with improvement in overall economic environment. Efforts towards higher operational efficiencies shall continue. The company continues to examine the possibilities of expansion and shall make the necessary investments when attractive opportunities arise.

Threats and Risk Management

The nature of company's business is such that various risks have to be confronted with not only to successfully exist in the said business but even to grow at a respectable pace. However, these risks are no different than the ones faced by the industry as a whole. A comprehensive and integrated risk management framework forms the basis of all the de-risking efforts of the company. Formal reporting and control mechanisms ensure timely information availability and facilitate proactive risk management. These mechanisms are designed to cascade down to the level of the managers so that risks at the transactional level are identified and steps are taken towards mitigation in a decentralised fashion.

Internal Control Systems and their adequacy

The Company strongly believes that Internal Control Systems are necessary for good Corporate Governance and that the freedom of management should be implemented through the framework of proper checks and balances.

The Company has in place an effective system of internal controls to ensure that all assets are properly safeguarded and protected and used optimally and financial transactions are reported accurately. The Audit committee and the Board of Directors reviews the adequacy and the effectiveness of the internal controls at periodic intervals. For better governance the company is in the process of introducing internal audit system.

Elegant Marbles & Grani Industries Ltd.

Human Resources

The Company considers the quality of its human resources to be its most important asset and places great emphasis on training and development of employees at all levels. Communication exercises are treated as continuous process to keep the employees informed of the challenges being faced by the Company and also motivate them to take up higher responsibilities, in tune with the requirements of the Company.

In order to sustain the competitive edge, the Company has been taking various initiatives for improving the human resource strength and creating a conducive work atmosphere.

Cautionary Statement

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industry - global or domestic or both, significant changes in political and economic environment in India, applicable statutes, litigations, labour relations and interest costs.

COMPLIANCE CERTIFICATE

(Pursuant to section 383A of the Companies Act, 1956)

Name of the Company: ELEGANT MARBLES & GRANI INDUSTRIES LIMITED

Registration No : 11-003134

Authorised Capital : Rs.5,00,00,000/- Paid-Up Capital: - Rs.4,50,00,000/-

To,

The Members of

ELEGANT MARBLES & GRANI INDUSTRIES LIMITED

I have examined the registers, records, books and papers of ELEGANT MARBLES & GRANI INDUSTRIES LIMITED as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has maintained statutory registers as stated in Annexure 'A' to this certificate as per the provisions and the rules made thereunder.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies. There were no returns required to be filed to Regional Director, Central Government, Company Law Board or other authorities.
3. The Company being a Public Limited Company has the prescribed paid-up capital.
4. The Board of Directors duly met Four times respectively on 26th April, 2011; 13th August, 2011; 18th October 2011; 24th January, 2012 in respect of which meetings proper notices were given and the proceeding were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 22/09/2011 to 27/09/2011, both the days inclusive, during the financial year.
6. The Annual General Meeting for the financial year ended 31st March, 2011 was held on 28/09/2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No extraordinary meeting was held during the financial year.
8. As per the information provided by the company and the Auditors' Report, the Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. As per information provided, the Company has not entered into contracts falling within purview of Section 297 of the Act.
10. The Company was required to make entries for loan taken from a Director, in the register maintained under section 301 of the Act and the Register is updated.
11. As per information provided by the company, there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government as the case may be.
12. The Company has issued duplicate share certificate during the financial year.
13. i) There was transfer of Securities but no allotment/transmission of securities during the financial year
ii) The Company has deposited the amount of dividend declared in a separate Bank Account which is within five days from the date of declaration of such dividend.
iii) The Company has posted Dividend warrants to the members of the Company within prescribed time.
iv) The Company has transferred the amounts in unpaid dividend account, but was not required to transfer application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors was duly constituted. There were no appointments of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancy during the financial year.
15. There was no appointment of Managing Director, Whole-time Director or Manager during the financial year under scrutiny
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central government Company Law Board, Regional Director, and /or such authorities prescribed under various provisions of the Act.
18. The directors have disclosed their interest in other firms /companies to the Board of the Directors to the provision of the act and the rules made thereunder.
19. The Company has not issued any share, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference share or debentures during the financial year.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares and bonus shares pending registration of transfer of shares.
23. As per the information provided to us and Auditors' Report, the Company has not invited/ accepted any deposits from the public falling within purview of section 58A during the financial year.
24. The Company has not made borrowings during the financial year. However, it has accepted deposits against rent of premises.
25. The Company has made investments under Section 372A of Companies Act, 1956.
26. The Company has not altered the provision of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provision of the memorandum with respect to the object of the Company during the year under scrutiny.
28. The Company has not altered the provision of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. As per information provided by the company, there was no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. As per the information provided before us the Company is regular in depositing 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 other material statutory dues with the appropriate authorities, wherever applicable to it and has deposited both employees & employer's contribution to the Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

Signature

Virendra G. Bhatt
Practising Company Secretary
C.P. No. 124
A.C.S. No. 1157

Place : Mumbai

Date : 29th May, 2012

ANNEXURE A

1. Register of Members u/s 150, 2. Register of Directors Shareholding u/s 307, 3. Register of Investments u/s 372A, 4. Register of Directors u/s 303, 5. Register of Share Transfer u/s 108, 6. Register of Contracts u/s 301, 7. Minutes books of meeting of the Board of Directors and Shareholders,

ANNEXURE B

Forms and Returns filed by the Company with the Registrar of Companies, during the financial year ending on 31st March, 2012.

1. Annual Return u/s 159 till the date of AGM filed on 07/11/2011 bearing ROC Challan No. P78382744,
2. Balance Sheet u/s 210 for the financial year ended on 31st March, 2011 filed on 19/12/2011 bearing ROC Challan No. P83397570,
3. Compliance Certificate u/s 383A for the Financial year ended 31st March, 2011 filed on 20/10/2011 bearing ROC Challan No. P73983561,
4. Form 2 for crediting the amount of unclaimed dividend for the year 31/03/2004 to Investor Education & Protection Fund,
5. Form 17 for satisfaction of charges filed on 27/03/2012 bearing ROC Challan No. B35507813 and B35510098,
6. Form 1 INV for unclaimed dividend amount for the year 2004 transferred with HDFC Bank to Investor Protection & Education Fund filed on 24/09/2011 with ROC Challan No. B21157904.

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CORPORATE GOVERNANCE

PHILOSOPHY ON CODE OF GOVERNANCE

The philosophy underlying Corporate Governance seeks to create a system of “Checks and balances” based on transparency, ensuring integrity, clarity and consistency in the dealings of the Company with all its stakeholders. Good Governance ensures that the best corporate practices are followed by a Company. Implementation of the good governance indicates not only the compliance of the laws and regulations of the land but also indicates the values, practices and culture of your organization.

The report on corporate governance is divided into five parts:

- I. Board of Directors
- II. Remuneration of Directors
- III. Committees of the Board
- IV. Shareholder Information
- V. Other Disclosures

I. BOARD OF Directors

The Business of the Company is managed by a Board of Directors. The Board formulates the strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis. The Managing Director along with the executives manages the day to day operations of the Company. The Board of Directors has the ideal composition with more than half of the Directors being non-executive Directors. The Non Executive Directors bring external and wider perspective confirming therewith in depth business deliberations and decisions advantage.

a. The Constitution of the Board as on 31st March, 2012 and details of Board Meeting held and attendance of the Directors:

| Name of Directors | No. of Board Meetings attended during the Financial year 2011-2012 | Whether attended AGM held on September 28, 2011 | Number of Directorships in other public limited Companies * | | No. of Committee positions held in other public limited Companies * | |
|---------------------------|--------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------|--------------|---------------------------------------------------------------------|--------|
| | | | Chairman of the Board | Board Member | Chairman of the Committee | Member |
| Shri Ram Chawla | 4 | N | — | — | — | — |
| Shri Radhey Shyam Agarwal | 4 | N | — | 7 | 2 | 2 |
| Shri Raj Kumar Mittal | 4 | Y | — | 4 | 4 | 2 |
| Shri Rajesh Agrawal | 4 | Y | — | — | — | — |
| Shri Rakesh Agrawal | 4 | Y | — | — | — | — |

* Note: Excludes Directorships in Private Limited Companies, Foreign Companies and Government Bodies. Only Audit Committee and Shareholders' / Investors' Grievance Committee have been considered for the Committee positions.

b. Board Procedures

Board members are given appropriate documents and information in advance of each Board and Committee Meeting. To facilitate the smooth transition of business by the Board, the Managing Director informs the Board about the overall Company performance based on the detailed functional reports placed by the executives before the Managing Director. The functions performed by the Board include review of:

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Senior executive appointment
- Compliance with statutory / regulatory requirements and review of major legal issues
- Adoption of quarterly results / annual results
- Transaction pertaining to purchase, disposal of property, major provisions & write offs.

Code of Conduct

The Board has laid down a code of conduct for all Board Members and senior management of the company. All the Board members and senior management personnel have affirmed compliance with the code for the year ended 31st March 2012. A declaration to this effect signed by the CEO is given elsewhere in this Annual Report.

c. Board Meetings

The meetings of the Board of Directors' are scheduled well in advance and the folder containing the agenda for the meeting with detailed review of all aspects of the Company business, including performance of the Company is circulated to all the Directors. It also highlights important matters discussed at the audit committee, shareholders grievance committee. Four Board meetings were held during the period i.e. 26th April 2011, 13th August 2011, 18th October 2011 and 24th January 2012.

II. REMUNERATION OF Directors

The details of remuneration paid to the Directors for the year ended 31st March, 2012 are specified below:

a. Remuneration to Executive Directors

| Names | Position | Salary & Perquisite | Commission | Service Contract |
|---------------------|------------------------------|---------------------|------------|----------------------------------|
| Shri Rajesh Agrawal | Chairman & Managing Director | Rs.20,70,000 p.a. | ---- | 1st Aug, 2009 to 31st July, 2012 |
| Shri Rakesh Agrawal | Deputy Managing Director | Rs.20,70,000 p.a. | ---- | 1st Oct, 2009 to 30th Sep, 2012 |

Elegant Marbles & Grani Industries Ltd.

b. Remuneration to Non Executive Directors - Non Executive Directors have not been paid any remuneration except sitting fees for attending Board and Committee Meetings amounting to Rs. 22,000/-

III. COMMITTEES OF THE BOARD

a. Audit Committee

| Name of the Member | Designation | No. of meetings attended |
|---------------------------|-----------------------------------------------|--------------------------|
| Shri Raj Kumar Mittal | Chairman - Non Executive Independent Director | 3 |
| Shri Ram Chawla | Member - Non Executive Independent Director | 4 |
| Shri Radhey Shyam Agarwal | Member - Non Executive Independent Director | 4 |

The Audit Committee was constituted on 22nd March, 2003. The Committee has members with sound knowledge of finance, accounting and law. The Committee deals with accounting matters, financial reporting and internal controls. The power and role of the Audit Committee is as per guidelines set out in the amended listing agreements. The Committee monitors any proposed changes in accounting policy, accounting implications of major transactions etc. The Committee also closely reviews the adequacy of internal audit controls, formulates and monitors the annual audit plan. During the Financial Year the Audit Committee met four times i.e. 26th April 2011, 13th August 2011, 18th October 2011 and 24th January 2012.

b. Remuneration Committee

| Name of the Member | Designation | No. of meetings attended |
|---------------------------|-----------------------------------------------|--------------------------|
| Shri Radhey Shyam Agarwal | Chairman - Non Executive Independent Director | 1 |
| Shri Raj Kumar Mittal | Member - Non Executive Independent Director | 1 |
| Shri Ram Chawla | Member - Non Executive Independent Director | 1 |

Remuneration Committee was constituted on 19th April, 2004 and it reviews and approves the annual salaries, performance commission, service agreements and other employment conditions for executive directors and senior managerial personnel. During the Financial Year the Remuneration Committee met once on 13th August, 2011.

c. Shareholders' Transfer & Grievance Committee

| Name of the Member | Designation | No. of meetings attended |
|-----------------------|-------------|--------------------------|
| Shri Ram Chawla | Chairman | 2 |
| Shri Raj Kumar Mittal | Member | 2 |
| Shri Rajesh Agrawal | Member | 2 |

The Committee deals with matter relating to:

- Transfer / Transmission of Shares
- Issue of duplicate share certificates
- Review of shares dematerialized

The Company has also appointed Mr.Hitesh Kothari as Compliance Officer w.e.f., 22nd July 2008, who has been co-ordinating with Registrar and Transfer Agent for all matters pending relating to share transfer and shareholders grievances. There are no pending matters relating to any shareholders requirements.

IV. Shareholder Information

1. Annual General Meeting

- * Date and Time : 24th July, 2012 at 9 a.m.
- * Venue : Elegant Marbles & Grani Industries Limited
E- 7/9, RIICO Industrial Area
Abu Road, Sirohi, Rajasthan 307026.

2. Book Closure Date : 18th July, 2012 to 23rd July, 2012 (Both days inclusive)

3. Registered Office : E – 7/9, RIICO Industrial Area
Abu Road, Sirohi, Rajasthan – 307026.

4. Listing of Equity Shares on Stock : **Stock Exchange** **Stock Code**
Bombay Stock Exchange Ltd., Mumbai 526705
The Jaipur Stock Exchange 483

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5. Stock Price Data:

| Month | High | Low |
|----------------|-------|-------|
| April 2011 | 46.40 | 32.35 |
| May 2011 | 44.30 | 37.10 |
| June 2011 | 41.10 | 35.40 |
| July 2011 | 42.80 | 37.85 |
| August 2011 | 41.55 | 35.25 |
| September 2011 | 40.50 | 35.00 |
| October 2011 | 38.80 | 35.15 |
| November 2011 | 37.65 | 32.35 |
| December 2011 | 38.70 | 38.40 |
| January 2012 | 41.40 | 34.95 |
| February 2012 | 41.85 | 35.25 |
| March 2012 | 42.10 | 34.35 |

6. Registrar & Transfer Agents :

Universal Capital Securities Private Limited
21, Shakil Niwas,
Near Satya Sai Baba Mandir,
Mahakali Caves Road, Andheri (East),
Mumbai – 400 093.

7. Distribution of shareholding as on 31st March, 2012.

| No. of Equity Shares held | No. of Shareholders | % of Shareholders | Share Amount Rs. | % of Shareholdings |
|---------------------------|---------------------|-------------------|------------------|--------------------|
| Upto 500 | 1219 | 87.258 | 173342 | 3.852 |
| 501-1000 | 83 | 5.941 | 66969 | 1.488 |
| 1001-2000 | 41 | 2.935 | 63266 | 1.406 |
| 2001-3000 | 9 | 0.644 | 23139 | 0.514 |
| 3001-4000 | 10 | 0.716 | 35514 | 0.789 |
| 4001-5000 | 9 | 0.644 | 40624 | 0.903 |
| 5001-10,000 | 5 | 0.358 | 41830 | 0.930 |
| 10001 & above | 21 | 1.503 | 4055316 | 90.118 |
| TOTAL | 1397 | 100.000 | 4500000 | 100 |

8. Category of Shareholdings as on 31st March, 2012.

| Category | No. of Shares | % of total shares |
|-------------------------------------------------------------------------------|----------------|-------------------|
| Promoters | 3252400 | 72.28 |
| Persons acting in concert | NIL | NIL |
| Mutual Funds & UTI | NIL | NIL |
| Banks/ FIs/ Insurance Co. (Central / State Govt./ Non- Govt. Institutions) | 600 | 0.01 |
| Corporate Bodies | 196349 | 4.36 |
| NRIs/OCBs | 5679 | 0.13 |
| Clearing Members | 6547 | 0.15 |
| Indian Public | 1038425 | 23.07 |
| Total | 4500000 | 100.00 |

Elegant Marbles & Grani Industries Ltd.

9 Financial Release Dates for 2012-2013

| Quarter | Release Date (Tentative and subject to change) |
|-----------------------------------|------------------------------------------------|
| 1st Quarter ending 30th June | 31st July, 2012 |
| 2nd Quarter ending 30th September | 31st October, 2012 |
| 3rd Quarter ending 31st December | 31st January, 2013 |
| 4th Quarter ending 31st March | 30th April, 2013 |

V. OTHER DISCLOSURES

1. Details of Annual / Extraordinary General Meetings
Location and time of General Meetings held in last 3 years:

| Year | AGM/EGM | LOCATION | DATE | TIME |
|---------|---------|----------|----------------------|-----------|
| 2008-09 | AGM | ABU ROAD | 29th September, 2009 | 9.00 a.m. |
| 2009-10 | AGM | ABU ROAD | 21th September, 2010 | 9.00 a.m. |
| 2010-11 | AGM | ABU ROAD | 28st September, 2011 | 9.00 a.m. |

2. CEO / CFO certification

The Managing Director/CEO appointed for the purpose of Clause 49 have given the necessary certification to the Board in the prescribed format.

3. a) There were no materially significant related party transaction with the promoters, Directors, etc that may have potential conflict with the interests of the Company at large.
b) There were no non-compliances by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter relating to the capital markets during the last three years.
c) There were no pecuniary relationships or transactions of Non-Executive Directors vis-a-vis the Company.

Declaration On Code Of Conduct

As required by clause-49 (1)(D) of the Listing Agreement with the Stock Exchange, it is hereby declared that all the Board Members and senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2012.

Place : Mumbai
Date : 29th May, 2012

Rajesh Agrawal
Chairman & Managing Director

Auditors Certificate On Corporate Governance

To the Members
Elegant Marbles And Grani Industries Limited
Abu Road.

We have examined the compliance of conditions of Corporate Governance by Elegant Marbles And Grani Industries Limited for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and management, we certify that the Company had complied with the conditions of Corporate Governance as stipulated in Clause 49 of 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 the Registrars and Share Transfer Agents of the Company have maintained records to show the investor grievances against the Company and have certified that as on 31st March 2012, there were no investor grievance remaining unattended/pending for more than 30 days.

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

Place : Mumbai
Date : 29th May, 2012

For RAVI & DEV
Chartered Accountants
FR. No. 108752W

(DEVENDRA A. MEHTA)
Partner
M. No. 82325

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AUDITORS' REPORT

To the Members
Elegant Marbles And Grani Industries Limited,
Abu Road.

We have audited the attached balance sheet of Elegant Marbles And Grani Industries Limited as at 31st March, 2012 and also the Profit & Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan & 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

1. Further to our comments in the annexure referred to in the paragraph (1) above :
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by the law have been maintained by the Company so far as appears from our examination of such books.
 - (c) The balance sheet, the profit & loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, the profit & loss Account and cash flow statement dealt with by this report have been prepared in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) based on representations made by all the Directors of the Company and the information and explanation as made available, Directors of the Company do not prima facie have any disqualification as referred to in 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 with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and **subject to no provision having been made in respect of accrued gratuity liability**, give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i. in the case of balance sheet, of the state of affairs as at 31st March, 2012; and
 - ii. in the case of profit and loss account, of the profit for the year ended on that date.
 - iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Ravi & Dev
Chartered Accountants
FR. No. 108752W

(Devendra A. Mehta)
Partner
M. No. 82325

Place : Mumbai,
Date : 29th May, 2012

ANNEXURE TO THE AUDITOR'S REPORT (Referred to in Paragraph 1 of our report of even date)

To the Members of

Elegant Marbles And Grani Industries Limited,
Abu Road.

- i.
 - a. As informed by the management, the proper records of fixed assets showing full particulars including quantitative details and location of fixed assets are under updation and compilation.
 - b. As explained to us, the fixed assets have been physically verified by the management during the year at regular intervals, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. The company has not disposed of any substantial part of its fixed assets during the year. Accordingly, the going concern status of the company, on account of disposal of fixed assets, is not affected.
- ii.
 - a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. in our opinion and according to information and explanation given to us, the procedures of physical verification of the Company are reasonable and adequate having regard to the size of the Company and nature of its business.
 - c. in our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on such verification between physical stocks and book records were not material and have been properly dealt with in the books of accounts.
- iii.
 - a. According to information and explanations given to us, the Company has not granted any loans to Companies, firms or other parties listed in the register maintained u/s. 301 of the Companies Act, 1956. Accordingly, sub-clauses (b), (c) and (d) are not applicable.
 - b. The Company has not taken any unsecured loan, from the party covered in the register maintained u/s. 301 of the Companies Act, 1956. Accordingly, sub-clauses (f) & (g) are not applicable.
- iv. In our opinion and according to the information and explanation give to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventory , fixed assets and also for the sale of goods & services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.

Elegant Marbles & Grani Industries Ltd.

- v. a. According to the information and explanations given to us, we are of the opinion that the particulars of Contracts or arrangements referred to in 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, transactions made in pursuance of such contracts or arrangements exceeding Rs.5 Lacs have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit in contravention of section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and rules framed thereunder. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Court or tribunal.
- vii. The Company does not have an internal audit system. The management has informed us that steps are being taken to introduce internal audit system.
- viii. The Central Government has not prescribed maintenance of cost records u/s. 209(1)(d) of the Companies Act, 1956 for any of the product of the Company.
- ix. a. The Company is regular in depositing 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 other material statutory dues with appropriate authorities, wherever applicable to it.
b. According to the information and explanations given to us, as at 31st March, 2012 no undisputed amounts payable in respect of income tax, wealth tax, sales tax, Service tax, custom duty, excise duty and cess were in arrears for a period exceeding six months from the date they became payable.
c. In our opinion and in accordance with the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute. However, with reference to Note No.8(ii) of 'Note 21 in Notes to Accounts' the company has not paid municipal taxes amounting to Rs.12,01,856/- pending disposal of its petition against levy of municipal taxes at a higher rate.
- x. The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the year covered by the audit and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not borrowed any funds from financial institution, bank or debenture.
- xii. The Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or 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 and according to Information and explanations given to us, the Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, Debentures and other investments have been held by the Company in its own name.
- xv. According to the information and explanation given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi. In our opinion, the Company has not taken any term loan.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- xviii. During the year, the Company did not make any preferential allotment of shares to the parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. During the year, the Company has not issued any debentures.
- xx. During the year, the Company did not raise any money by way of public issue.
- xxi. In our opinion, on the basis of audit conducted by us and in accordance with the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Ravi & Dev
Chartered Accountants
FR No. 108752W

(Devendra A. Mehta)
Partner
M No. 82325

Place : Mumbai
Date : 29th May, 2012

27th Annual Report 2011 - 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

| | Notes | As at 31st March, 2012 Rs. | As at 31st March, 2011 Rs. |
|----------------------------------|--------------|----------------------------------|----------------------------------|
| I. EQUITY AND LIABILITIES | | | |
| <u>Shareholders Funds</u> | | | |
| Share Capital | 1 | 4,50,00,000 | 4,50,00,000 |
| Reserves & Surplus | 2 | 42,91,81,438 | 40,22,92,744 |
| | | 47,41,81,438 | 44,72,92,744 |
| <u>Non-current liabilities</u> | | | |
| Long Term Borrowing | | — | — |
| Deferred tax liabilities (Net) | | — | 16,07,754 |
| Other Long term liabilities | 3 | 49,92,530 | 49,92,530 |
| Long term provision | 4 | 1,60,00,000 | 2,65,00,000 |
| | | 2,09,92,530 | 3,31,00,284 |
| <u>Current liabilities</u> | | | |
| Trade Payables | | 8,04,86,414 | 7,01,72,066 |
| Other current liabilities | 5 | 5,73,35,681 | 4,78,87,604 |
| Short-term provisions | 6 | 1,05,26,093 | 1,05,21,918 |
| | | 14,83,48,188 | 12,85,81,588 |
| | TOTAL | 64,35,22,156 | 60,89,74,616 |
| II. ASSETS | | | |
| <u>Non-current assets</u> | | | |
| <u>Fixed assets</u> | | | |
| Tangible assets | 7 | 1,30,58,504 | 1,40,58,369 |
| Non-current investments | 8 | 48,04,50,488 | 43,55,17,985 |
| Deferred tax assets (net) | | 33,10,182 | — |
| Long-term loans and advances | 9 | 2,42,98,231 | 3,64,36,386 |
| | | 52,11,17,405 | 48,60,12,740 |
| <u>Current assets</u> | | | |
| Inventories | 10 | 9,89,23,166 | 9,74,43,650 |
| Trade receivables | 11 | 79,39,557 | 97,50,668 |
| Cash and cash equivalents | 12 | 48,06,646 | 37,97,045 |
| Short-term loans and advances | 13 | 1,07,35,382 | 1,19,70,513 |
| Other current assets | | — | — |
| | | 12,24,04,751 | 12,29,61,876 |
| | TOTAL | 64,35,22,156 | 60,89,74,616 |
| Notes to Account | 21 | | |

As per our Report of even date attached

For **RAVI & DEV**

Chartered Accountants

FR. No. 108752W

(DEVENDRA A. MEHTA)

Partner

M. No. : 82325

Place : Mumbai

Date : 29th May, 2012

For & on behalf of Board of Directors

Rajesh Agrawal
Chairman & Managing Director

Rakesh Agrawal
Deputy Managing Director

Mumbai

29th May, 2012

Elegant Marbles & Grani Industries Ltd.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

| | Notes | For the year ended 31st March, 2012 Rs. | For the year ended 31st March, 2011 Rs. |
|-------------------------------------------------------------------------------|-------|-----------------------------------------------|-----------------------------------------------|
| I. INCOME | | | |
| Revenue from operations | 14 | 17,90,85,136 | 25,46,29,072 |
| Other income | 15 | 2,92,94,555 | 3,19,07,888 |
| TOTAL | | 20,83,79,691 | 28,65,36,960 |
| II. EXPENDITURE | | | |
| Cost of raw material consumed | 16 | 4,01,28,628 | 10,34,19,788 |
| Purchases of traded goods | 17 | 10,47,06,403 | 12,73,19,549 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 18 | (1,24,22,445) | (3,00,38,480) |
| Employees benefit expenses | 19 | 57,18,762 | 57,57,132 |
| Depreciation and amortization expense | 7 | 15,52,149 | 14,93,788 |
| Other expenses | 20 | 2,82,33,084 | 3,44,75,302 |
| TOTAL | | 16,79,16,581 | 24,24,27,079 |
| Profit for the year before taxes | | 4,04,63,110 | 4,41,09,881 |
| Tax expense: | | | |
| (1) Current Tax | | (80,00,000) | (80,00,000) |
| (2) Deferred tax (Net) | | 49,17,936 | 6,54,853 |
| (3) Previous years income tax | | (32,325) | 86,058 |
| Profit for the year after taxes | | 3,73,48,721 | 3,68,50,792 |
| Earnings per equity share: | | | |
| (1) Basic | | 8.30 | 8.19 |
| (2) Diluted | | 8.30 | 8.19 |

Notes to Accounts

21

As per our Report of even date attached

For **RAVI & DEV**

Chartered Accountants

FR. No. 108752W

(DEVENDRA A. MEHTA)

Partner

M. No. : 82325

Place : Mumbai

Date : 29th May, 2012

For & on behalf of Board of Directors

Rajesh Agrawal
Chairman & Managing Director

Rakesh Agrawal
Deputy Managing Director

Mumbai

29th May, 2012

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NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2012

| | As at 31st March, 2012 Rs. | As at 31st March, 2011 Rs. |
|-------------------------------------------------------------------------|----------------------------------|----------------------------------|
| NOTE 1 : SHARE CAPITAL | | |
| AUTHORISED | | |
| 50,00,000 (Previous Year : 50,00,000) Equity Shares of Rs. 10/- each | 5,00,00,000 | 5,00,00,000 |
| ISSUED, SUBSCRIBED AND PAID-UP | | |
| 45,00,000 (Previous year : 45,00,000) Equity Shares of Rs. 10/- each | 4,50,00,000 | 4,50,00,000 |
| TOTAL | 4,50,00,000 | 4,50,00,000 |

(a) Reconciliation of the Equity Shares outstanding at the beginning and at the end of the year :

| Particulars | As at 31st March, 2012 | | As At 31st March, 2011 | |
|---------------------------------------------------|------------------------|--------------------|------------------------|--------------------|
| | No. of Shares | Amount Rs. | No. of Shares | Amount Rs. |
| At the beginning of the period | 45,00,000 | 4,50,00,000 | 45,00,000 | 4,50,00,000 |
| Issued during the period - Bonus Issue | — | — | — | — |
| Issued during the period - Preferential Allotment | — | — | — | — |
| Outstanding at the end of the year | 45,00,000 | 4,50,00,000 | 45,00,000 | 4,50,00,000 |

(b) Equity Shareholder holding more than 5% equity shares along with number of equity shares is given below :

| Name of the Shareholder | As at 31st March, 2012 | | As At 31st March, 2011 | |
|-------------------------|------------------------|---------------|------------------------|---------------|
| | No. of Shares | % | No. of Shares | % |
| Smt. Alka Agrawal | 5,45,000 | 12.11% | 5,45,000 | 12.11% |
| Smt. Divya Agrawal | 5,25,000 | 11.67% | 5,25,000 | 11.67% |
| Smt. Gita Agrawal | 2,70,000 | 6.00% | 2,70,000 | 6.00% |
| Shri Rajesh Agrawal | 10,06,800 | 22.37% | 10,06,800 | 22.37% |
| Shri Rakesh Agrawal | 8,90,000 | 19.78% | 8,90,000 | 19.78% |
| | 32,36,800 | 71.93% | 32,36,800 | 71.93% |

(c) Terms/rights attached to equity shares :

The company has only one class of equity shares having a par value of Rs 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Elegant Marbles & Grani Industries Ltd.

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2012

| | As at 31st March, 2012 Rs. | As at 31st March, 2011 Rs. |
|-----------------------------------------------------|----------------------------------|----------------------------------|
| NOTE 2 : RESERVES & SURPLUS | | |
| Share Premium Reserve | | |
| Opening Balance | 2,85,00,000 | 2,85,00,000 |
| Add:Received during the year | — | — |
| Less:Share issue expenses | — | — |
| | <u>2,85,00,000</u> | <u>2,85,00,000</u> |
| General Reserve | | |
| Opening Balance | 17,91,22,383 | 17,31,22,383 |
| Add : Transferred from Current Year | 60,00,000 | 60,00,000 |
| Less :Written back in current year | — | — |
| Closing Balance | <u>18,51,22,383</u> | <u>17,91,22,383</u> |
| Profit & Loss Account | | |
| Opening Balance | 19,46,70,359 | 17,42,79,594 |
| Add:Net Profit/(Net Loss) for the year | 3,73,48,721 | 3,68,50,792 |
| Amount Available for Appropriation | <u>23,20,19,080</u> | <u>21,11,30,386</u> |
| <u>Appropriations :</u> | | |
| Proposed Dividend | (90,00,000) | (90,00,000) |
| Tax on Dividend | (14,60,025) | (14,60,025) |
| Transfer to General Reserve | (60,00,000) | (60,00,000) |
| Closing Balance | <u>21,55,59,055</u> | <u>19,46,70,361</u> |
| TOTAL | <u>42,91,81,438</u> | <u>40,22,92,744</u> |
| NOTE 3 : OTHER LONG TERM LIABILITIES | | |
| Deposit from Genesis PR | 30,00,000 | 30,00,000 |
| Deposit from Trescent Lifestyles Pvt. Ltd. | 15,00,000 | 15,00,000 |
| Municipal Taxes Payable - relating to earlier years | 4,92,530 | 4,92,530 |
| TOTAL | <u>49,92,530</u> | <u>49,92,530</u> |
| NOTE 4 : LONG TERM PROVISIONS | | |
| Provision for income tax | 1,60,00,000 | 2,65,00,000 |
| TOTAL | <u>1,60,00,000</u> | <u>2,65,00,000</u> |
| NOTE 5 : OTHER CURRENT LIABILITIES | | |
| Advance against order | 5,46,66,451 | 4,64,61,834 |
| Other liabilities | 26,69,230 | 14,25,770 |
| TOTAL | <u>5,73,35,681</u> | <u>4,78,87,604</u> |
| NOTE 6 : SHORT-TERM PROVISIONS | | |
| Provision for employees benefits | 66,068 | 61,893 |
| Proposed Dividend | 90,00,000 | 90,00,000 |
| Provision for Corporate Dividend Tax | 14,60,025 | 14,60,025 |
| TOTAL | <u>1,05,26,093</u> | <u>1,05,21,918</u> |

NOTE 7 : ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2012

NOTE 7 : FIXED ASSETS

| Name of Assets | GROSS BLOCK | | | | DEPRICIATION | | | | NET BLOCK | |
|----------------------------|---------------------|-------------------------|---------------------|-----------|---------------------|------------------|----------------|---------------------|---------------------|---------------------|
| | As on 01.04.2011 | Additions 31.03.2012 | Total 31.03.2012 | Rate % | As on 01.04.2011 | Written Off | On Addition | Total 31.03.2012 | As on 31.03.2012 | As on 31.03.2011 |
| Leasehold Land | 26,66,854 | ----- | 26,66,854 | ----- | ----- | ----- | ----- | ----- | 26,66,854 | 26,66,854 |
| Factory Building | 51,22,900 | ----- | 51,22,900 | 3.34 | 33,25,440 | 1,71,105 | ----- | 34,96,545 | 16,26,355 | 17,97,460 |
| Office Premises | 9,32,626 | ----- | 9,32,626 | 1.63 | 1,86,324 | 15,202 | ----- | 2,01,526 | 7,31,100 | 7,46,302 |
| Plant & Machinery | 2,15,87,435 | ----- | 2,15,87,435 | 4.75 | 2,11,90,583 | 54,718 | ----- | 2,12,45,301 | 3,42,134 | 3,96,852 |
| Cranes | 20,94,176 | ----- | 20,94,176 | 4.75 | 18,61,733 | 49,651 | ----- | 19,11,384 | 1,82,792 | 2,32,443 |
| Office Equipments | 16,74,221 | 1,78,191 | 18,52,412 | 4.75 | 5,83,076 | 79,505 | 2,135 | 6,64,716 | 11,87,696 | 10,91,145 |
| Air Conditioner | 13,82,301 | 1,72,423 | 15,54,724 | 4.75 | 5,06,191 | 65,661 | 4,896 | 5,76,748 | 9,77,976 | 8,76,110 |
| Computer | 12,35,757 | 1,49,081 | 13,84,838 | 16.21 | 10,22,256 | 73,099 | 5,917 | 11,01,272 | 2,83,566 | 2,13,501 |
| Motor Car & Other Vehicles | 95,56,878 | ----- | 95,56,878 | 9.50 | 43,67,380 | 9,07,904 | ----- | 52,75,284 | 42,81,594 | 51,89,498 |
| Furniture & Fixtures | 20,02,898 | 52,589 | 20,55,487 | 6.33 | 11,54,694 | 1,22,155 | 201 | 12,77,050 | 7,78,437 | 8,48,204 |
| T O T A L | 4,82,56,046 | 5,52,283 | 4,88,08,329 | | 3,41,97,677 | 15,39,000 | 13,149 | 3,57,49,826 | 1,30,58,504 | 1,40,58,369 |
| Previous year | 4,69,62,623 | 12,93,423 | 4,82,56,046 | | 3,27,03,889 | 14,70,619 | 23,170 | 3,41,97,678 | 1,40,58,369 | 1,42,58,734 |

Elegant Marbles & Grani Industries Ltd.

NOTE 8 : NON-CURRENT INVESTMENTS

Non-Trade Investment (valued at cost unless stated otherwise)

| Name of the Company | No of Shares/Units as at 31.03.2012 | Face value | Paid up Value | As at 31st March, 12 Rs. | As at 31st March, 11 Rs. |
|-------------------------------------------|-------------------------------------|------------|---------------|--------------------------|--------------------------|
| Investment in Quoted Shares | | | | | |
| 3I Infotech Ltd | 5,000 | 10 | 10 | 4,51,085 | 4,51,085 |
| Aftek Ltd | 10,000 | 2 | 2 | 8,10,706 | 8,10,706 |
| Akzo Noble India Ltd | 26 | 10 | 10 | 24,520 | - |
| Andhra Sugars Ltd | 4,498 | 10 | 10 | 5,99,763 | - |
| Aurobindo Pharma Ltd | 13,000 | 1 | 1 | 25,36,803 | 15,77,272 |
| Axis Bank Ltd | - | 10 | 10 | - | 1,26,881 |
| Bajaj Auto Ltd | 60 | 10 | 10 | 98,013 | - |
| Balmer Lawrie & Co. Ld | 1,246 | 10 | 10 | 7,19,799 | - |
| Bata India Ltd | - | 10 | 10 | - | 47,853 |
| Benchmark Mutual Fund -Liquidbees | 118 | 1,000 | 1,000 | 1,18,032 | 71,020 |
| Bharti Airtel Ltd | 119 | 5 | 5 | 46,697 | 5,60,739 |
| Bombay Burmah Trading Corp. Ltd | 1,873 | 10 | 10 | 10,11,893 | - |
| Bosch Ltd. | 565 | 10 | 10 | 28,68,142 | 28,68,142 |
| Britania Industries Ltd. | 7,500 | 10 | 10 | 9,73,364 | 9,73,364 |
| Cairn India Ltd. | 8,843 | 10 | 10 | 27,39,902 | - |
| Canara Bank | 16,000 | 10 | 10 | 35,05,327 | 35,05,327 |
| Central Bank of India | 36,087 | 10 | 10 | 38,54,706 | 35,68,348 |
| Century Textiles | 8,273 | 10 | 10 | 92,29,529 | 92,29,529 |
| Cipla Ltd | 228 | 2 | 2 | 69,979 | 14,61,732 |
| Clariant Chemicals I Ltd | 532 | 10 | 10 | 3,44,872 | - |
| Coal India Ltd. | 17,409 | 2 | 2 | 48,39,445 | 56,98,399 |
| Corporation Bank | - | 10 | 10 | - | 75,625 |
| Crew B.O.S.Products Ltd | 2,000 | 10 | 10 | 2,12,573 | - |
| Datamatics Ltd. | 8,200 | 10 | 10 | 4,27,207 | 4,27,207 |
| Deccan Chronicle Holding Ltd | 10,000 | 2 | 2 | 18,35,884 | 18,35,884 |
| Dhanlakshmi Bank Ltd | 5,000 | 10 | 10 | 3,63,000 | - |
| Divis Laboratories Ltd | 1,000 | 2 | 2 | 7,46,643 | - |
| Eicher Motors Ltd | - | 10 | 10 | - | 94,483 |
| Eid Parry I Ltd | 710 | 1 | 1 | 1,51,404 | - |
| Electrosteel Casting Ltd | 30,000 | 1 | 1 | 22,23,723 | 22,23,723 |
| Federal Bank Ltd | - | 10 | 10 | - | 1,02,656 |
| Glaxosmithkline Pharmaceuticals Ltd. | 1,191 | 10 | 10 | 15,34,399 | 14,67,220 |
| Godawari Power | 48,950 | 10 | 10 | 1,72,95,522 | 1,72,95,522 |
| Goodyear India Ltd | 197 | 10 | 10 | 50,269 | 50,269 |
| Gujarat Amb Expo | - | 2 | 2 | - | 80,248 |
| Gujarat State Fertilizers & Chemicals Ltd | - | 10 | 10 | - | 89,250 |
| HDFC Bank Ltd | 8,414 | 10 | 10 | 18,41,069 | 18,06,814 |
| HDIL | 10,300 | 10 | 10 | 8,77,455 | 8,77,455 |
| Heidelberg Cements | 10,000 | 10 | 10 | 4,81,698 | 9,63,395 |
| Hero Honda Motors Ltd. | - | 2 | 2 | - | 13,92,198 |
| Hero Motocorp Ltd. | 1,757 | 2 | 2 | 13,92,198 | - |
| Hindustan Dorr-Oliver Ltd | - | 2 | 2 | - | 49,088 |
| Hindustan Zinc Ltd. | 2,10,000 | 10 | 10 | 23,86,964 | 23,86,964 |
| Housing Development Finance Corp. Ltd. | 4,127 | 10 | 10 | 16,71,422 | 8,27,941 |
| I.F.C.I. Ltd. | 75,000 | 10 | 10 | 62,73,878 | 62,73,878 |
| ICICI Bank | 1,860 | 10 | 10 | 12,25,567 | 12,25,567 |
| Idea Cellular Ltd | 485 | 10 | 10 | 47,799 | - |
| India Infoline Ltd | 17,886 | 10 | 10 | 26,82,765 | 58,55,725 |
| Indiabulls Infrastructure and Power Ltd | 14,750 | - | - | - | - |
| Indiabulls Real Estate Ltd | 5,000 | 2 | 2 | 37,77,254 | 37,77,254 |
| Indiabulls Wholesale Services Ltd | 625 | 2 | 2 | - | - |
| Indian Oil Corporation Ltd. | 2,833 | 10 | 10 | 7,62,800 | 14,63,390 |
| Indusind Bank Ltd | 393 | 10 | 10 | 95,652 | 78,143 |
| Infosys Technologies Ltd | 67 | 10 | 10 | 2,15,213 | 1,76,378 |
| Infosys Technologies Ltd. | 1,226 | 10 | 10 | 13,94,714 | 13,94,714 |
| IPCA Laboratories Ltd | 227 | 2 | 2 | 63,724 | 48,888 |
| ITC Ltd. | 11,328 | 1 | 1 | 24,20,469 | - |
| J. B. Chemicals & Pharmaceuticals Ltd | 2,539 | 2 | 2 | 1,71,383 | - |
| Jaiprakash Associates Ltd | 20,000 | 2 | 2 | 17,01,936 | - |
| Jindal Polym | 1,000 | 10 | 10 | - | 11,17,651 |
| Jindal Steel & Power Ltd | 120 | 1 | 1 | 73,964 | - |
| Jupitar Bioscience Ltd | 10,000 | 10 | 10 | 18,01,783 | 18,01,783 |
| Kalyani Investment Co. Ltd | 1,127 | 10 | 10 | 5,15,389 | 5,15,389 |
| Kalyani Steels | 11,274 | 10 | 10 | 51,55,718 | 51,55,718 |

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NOTE 8 : NON-CURRENT INVESTMENTS (CONTD.)

Non-Trade Investment (valued at cost unless stated otherwise)

| Name of the Company | No of Shares/Units as at 31.03.2012 | Face value | Paid up Value | As at 31st March, 12 Rs. | As at 31st March, 11 Rs. |
|--------------------------------------------------------|-------------------------------------|------------|---------------|--------------------------|--------------------------|
| Karur Vysya Bank Ltd | 2,541 | 10 | 10 | 9,84,064 | - |
| Larsen & Toubro Ltd. | 1,283 | 2 | 2 | 15,53,055 | 14,94,248 |
| LIC Housing Finance Ltd | - | 2 | 2 | - | 1,00,926 |
| Mahindra Holidays | 38,920 | 10 | 10 | 1,19,36,822 | 1,73,63,123 |
| Mangalore chemicals & Fertilizers Ltd | 8,285 | 10 | 10 | 3,60,099 | - |
| Max India | - | 2 | 2 | - | 12,99,312 |
| MCX of India Ltd | 312 | 10 | 10 | 3,21,984 | - |
| Mercator Lines | 5,000 | 1 | 1 | 2,54,465 | 2,54,465 |
| MOIL Ltd | - | 10 | 10 | - | 4,96,875 |
| Nahar Exports Ltd. | - | 10 | 10 | - | 2,82,309 |
| Nestle India Ltd. | 921 | 10 | 10 | 26,91,936 | 28,68,155 |
| NHPC Ltd | 44,138 | 10 | 10 | 15,88,968 | 15,88,968 |
| NTPC Ltd. | 12,285 | 10 | 10 | 8,32,141 | 8,32,141 |
| Oil & Natural Gas Corp. Ltd | 168 | 5 | 5 | 50,023 | 50,023 |
| Parsvanath Developers Ltd. | 10,000 | 10 | 10 | 16,73,837 | 16,73,837 |
| Phoenix Mills Ltd | 467 | 2 | 2 | 1,00,616 | 1,00,616 |
| Power Finance Corp. Ltd | 351 | 10 | 10 | 73,168 | - |
| Power Grid Corporation | 28,746 | 10 | 10 | 27,90,090 | 1,99,78,518 |
| Prestige Estates Projects Ltd | 531 | 10 | 10 | 45,113 | - |
| PTL Enterprises Ltd | - | 2 | 2 | - | 6,89,872 |
| Rane Madras | - | 10 | 10 | - | 6,94,198 |
| Raymond Ltd. | 7,500 | 10 | 10 | 33,23,485 | 33,23,485 |
| Reliance Capital Ltd | 170 | 10 | 10 | 55,615 | - |
| Reliance Communication Ltd | 22,500 | 5 | 5 | 72,90,635 | 72,90,635 |
| Reliance Industries Ltd | 4,187 | 10 | 10 | 44,71,249 | 66,95,476 |
| Reliance Power | 15,550 | 10 | 10 | - | - |
| Sintex Industries Ltd | 12,000 | 1 | 1 | 17,49,254 | 7,84,187 |
| SKF India Ltd | - | 10 | 10 | - | 74,713 |
| State Bank of India | 3,819 | 10 | 10 | 16,61,028 | 19,47,050 |
| Sterling Tools Ltd. | - | 10 | 10 | - | 4,78,876 |
| Sterlite Industries India Ltd | 7,400 | 2 | 2 | 12,05,420 | 1,11,800 |
| Tata consultancy Services Ltd | 86 | 1 | 1 | 97,408 | 97,408 |
| Tata Motors Dvr | 12,500 | 2 | 2 | 12,34,875 | - |
| Tata Motors Ltd | - | 10 | 10 | - | 52,534 |
| Tata Steel Ltd. | 9,850 | 10 | 10 | 39,04,779 | 39,04,779 |
| Titan Industries Ltd | - | 1 | 1 | - | 57,924 |
| TTK Prestige Ltd | 16 | 10 | 10 | 45,544 | - |
| UB Engineering Ltd | - | 10 | 10 | - | 87,923 |
| Uflex Ltd | 20,000 | 10 | 10 | 38,66,555 | 12,72,914 |
| Unichem Laboratories Ltd | 4,284 | 2 | 2 | 5,94,191 | - |
| United Bank of India | 44,263 | 10 | 10 | 29,21,358 | 29,21,358 |
| Videocon Industries Ltd | 39,900 | 10 | 10 | 1,50,21,332 | 1,50,21,332 |
| Wackhardt Ltd | 2,575 | 5 | 5 | 7,95,989 | 5,59,411 |
| Welspan Gujarat | 5,000 | 5 | 5 | 12,53,186 | 12,53,186 |
| Yes Bank Ltd | 267 | 10 | 10 | 76,054 | 76,316 |
| Total investment in quoted equity shares | | | | 17,15,38,355 | 18,76,59,714 |
| Investment in quoted Debentures and bonds | | | | | |
| Investment in quoted Debentures | | | | | |
| Shree Ram Transport Finance Ltd. | - | - | - | - | 20,89,000 |
| Investment in quoted bonds | | | | | |
| Indian Railway Finance Corp. Ltd (Tax Free Bond) | 12,979 | 1,000 | 1,000 | 1,29,93,470 | - |
| National Highway Authority of India (Tax Free Bond) | 4,945 | 1,000 | 1,000 | 49,45,000 | - |
| Power Finance Corp. Ltd (Tax Free Bond) | 5,696 | 1,000 | 1,000 | 56,96,000 | - |
| Total Investment in quoted Debentures and bonds | | | | 2,36,34,470 | 20,89,000 |
| Investment in Quoted Units of Mutual Funds | | | | | |
| Birla Sunlife Equity Linked FMP Series AAviator | - | 10 | 10 | - | 25,00,000 |
| Birla Sunlife Fixed Term Plan Series CP Growth | - | 10 | 10 | - | 1,00,00,000 |
| Birla Sunlife Fixed Term Plan Series ES Growth | 11,00,000 | 10 | 10 | 1,10,00,000 | - |

Elegant Marbles & Grani Industries Ltd.

NOTE 8 : NON-CURRENT INVESTMENTS (CONTD.)

Non-Trade Investment (valued at cost unless stated otherwise)

| Name of the Company | No of Shares/Units as at 31.03.2012 | Face value | Paid up Value | As at 31st March, 12 Rs. | As at 31st March, 11 Rs. |
|---------------------------------------------------------|-------------------------------------------|---------------|------------------|--------------------------------|--------------------------------|
| DSP Blackrock Opportunity Fund - Dividend Payout | 3,16,544 | 10 | 10 | 79,32,603 | 79,32,603 |
| HDFC Cash Mgmt Fund Treasury Adv P Wholesale Growth | - | 10 | 10 | - | 2,61,14,559 |
| HDFC FMP 370D Dec 2011 (1) Growth Ser XIX | 20,00,000 | 10 | 10 | 2,00,00,000 | - |
| HDFC FMP 370D March 2011 (1) Growth Ser XVI | - | 10 | 10 | - | 1,00,00,000 |
| HDFC FMP 370D March 2011 (4) Growth Ser XVI | - | 10 | 10 | - | 2,00,00,000 |
| HDFC FMP 370D March 2012 (1) Growth Ser XXI | 20,00,000 | 10 | 10 | 2,00,00,000 | - |
| HDFC FMP 370D May 2011 (2) Growth Ser XVIII | 9,90,000 | 10 | 10 | 99,00,000 | - |
| HDFC FMP 370D October 2011 (2) Growth Ser XIX | 10,00,000 | 10 | 10 | 1,00,00,000 | - |
| HDFC FMP 375D July 2011 (2) Growth Ser XVIII | 10,00,000 | 10 | 10 | 1,00,00,000 | - |
| HDFC FMP 400D March 2012 (1) Grow Ser XXI | 30,00,000 | 10 | 10 | 3,00,00,000 | - |
| Kotak FMP Series 40 Growth | - | 10 | 10 | - | 2,00,00,000 |
| Kotak FMP Series 83 Growth | 20,00,000 | 10 | 10 | 2,00,00,000 | - |
| Morgan Stanley Mutual Fund | 1,51,000 | 10 | 10 | 14,64,809 | 14,64,808 |
| Reliance Banking Fund-Div Plan | 6,36,162 | 10 | 10 | 2,22,72,250 | 50,00,000 |
| Reliance Equity Fund - Dividend Payout | - | 10 | 10 | - | 1,29,81,916 |
| Reliance Fixed Horizon Fund XIX Ser 8 Growth | - | 10 | 10 | - | 2,00,00,000 |
| Reliance Fixed Horizon Fund XXI Ser 18 Growth | 10,00,000 | 10 | 10 | 1,00,00,000 | - |
| Reliance Money Manager Fund Instl Growth | - | 1,000 | 1,000 | - | 1,26,15,503 |
| Reliance Money Manager Fund Instl Wkly Divi Rein | - | 1,000 | 1,000 | - | 85,908 |
| Sundaram Fixed Term Plan CD 366 Days Growth | 10,00,000 | - | - | 1,00,00,000 | - |
| Sundaram Select Focus | - | 10 | 10 | - | 1,17,51,824 |
| Tata Fixed Income Portfolio Fund Scheme A2 Instl I | - | 10 | 10 | - | 5,00,00,000 |
| TATA Floater Fund Growth Plan (Barclays) | 14,95,830 | 10 | 10 | 2,40,00,000 | - |
| TATA Floater Fund Growth Plan (Citi Bank) | 2,47,607 | 10 | 10 | 39,25,000 | - |
| TATA Floater Fund Growth Plan (HDFC) | 6,07,458 | 10 | 10 | 96,52,651 | - |
| TATA FMP Series 38 Scheme D Growth | 20,00,000 | 10 | 10 | 2,00,00,000 | - |
| TATA FMP Series 39 Scheme G Growth | 9,90,000 | 10 | 10 | 99,00,000 | - |
| UTI FIIF - Monthly Interval Plan II Growth | 7,15,514 | 10 | 10 | 99,00,000 | - |
| Total Investment in Quoted Units of Mutual Funds | | | | 25,99,47,313 | 21,04,47,121 |
| Investment in Unquoted Debentures | | | | | |
| Britania Inds. | 1,500 | - | - | - | - |
| Citicorp Finance India Ltd | 25 | - | - | 25,55,150 | 25,55,150 |
| Shree Khodiyar Realtech Syndication Pvt. Ltd | - | - | - | - | 66,00,000 |
| Vijay Associates Wadhwa Construction Pvt. Ltd | 123 | - | - | 1,07,69,200 | 1,16,60,000 |
| | | | | 1,33,24,350 | 2,08,15,150 |
| Investment in Unquoted Real Estate Fund | | | | | |
| *Kotak India Real Estate Fund | 120 | 1,00,00 | 1,00,000 | 1,20,06,000 | 1,45,07,000 |
| | | | | 1,20,06,000 | 1,45,07,000 |
| TOTAL | | | | 48,04,50,488 | 43,55,17,985 |
| Total value of quoted investments | | | | 45,51,20,138 | 40,01,95,835 |
| Total market value of quoted investments | | | | 44,25,81,664 | 42,57,86,270 |
| Total unquoted investments | | | | 2,53,30,350 | 3,53,22,150 |

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NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2012

| | As at 31st March, 2012 Rs. | As at 31st March, 2011 Rs. |
|-------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| NOTE 9 : LONG-TERM LOANS AND ADVANCES | | |
| <u>Advances recoverable in cash or in kind or for value to be received</u> (Unsecured & considered good) | | |
| Deposits | 88,01,893 | 87,61,212 |
| Taxes paid | 1,54,96,338 | 2,76,75,174 |
| TOTAL | <u>2,42,98,231</u> | <u>3,64,36,386</u> |
| NOTE 10 : INVENTORIES | | |
| (As taken, valued and certified by the Management) (Valued at lower of cost or net realisable value) | | |
| Raw Material | 12,00,716 | 1,21,43,646 |
| Finished Goods | 2,30,40,085 | 2,53,99,354 |
| Stock in trade | 7,46,82,365 | 5,99,00,650 |
| TOTAL | <u>9,89,23,166</u> | <u>9,74,43,650</u> |
| NOTE 11 : TRADE RECEIVABLES | | |
| (Unsecured & considered good, subject to confirmation) | | |
| 1. Trade receivables outstanding for a period less than six months from the date they are due for payment | 68,52,520 | 5,27,309 |
| 2. Trade receivables outstanding for a period exceeding six months from the date they are due for payment | 10,87,037 | 92,23,359 |
| TOTAL | <u>79,39,557</u> | <u>97,50,668</u> |
| Trade Receivable stated above include debts due by: | | |
| Directors | — | — |
| Other officers of the Company | — | — |
| Firm in which director is a partner | — | — |
| Private Company in which director is a member | — | — |
| | <u>—</u> | <u>—</u> |
| | <u>—</u> | <u>—</u> |
| NOTE 12 : CASH AND CASH EQUIVALENTS | | |
| (a) Balances with banks | | |
| Current account | 35,38,802 | 23,63,116 |
| Cash on hand | 6,24,837 | 8,03,967 |
| (b) Earmarked balances with banks | | |
| Unpaid dividend accounts | 6,43,007 | 6,29,962 |
| TOTAL | <u>48,06,646</u> | <u>37,97,045</u> |
| NOTE 13 : SHORT TERM LOANS AND ADVANCES | | |
| (Unsecured & considered good) | | |
| <u>Advances recoverable in cash or in kind or for value to be received</u> | | |
| Prepaid Expenses | 4,15,463 | 2,71,204 |
| Advance to Creditors | 94,68,422 | 49,77,419 |
| Other Advances | 8,51,497 | 67,21,890 |
| TOTAL | <u>1,07,35,382</u> | <u>1,19,70,513</u> |

Elegant Marbles & Grani Industries Ltd.

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2012

| | For the year ended 31st March, 2012 Rs. | For the year ended 31st March, 2011 Rs. |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| NOTE 14 : REVENUE FROM OPERATIONS | | |
| Sale of products | 17,77,27,038 | 25,30,55,383 |
| Other operating revenues | 13,58,098 | 15,73,689 |
| Less:Excise duty | - | - |
| TOTAL | <u>17,90,85,136</u> | <u>25,46,29,072</u> |
| Details of products sold | | |
| Marble Slabs | 14,19,28,062 | 9,92,85,932 |
| Porcellian Tiles | 2,89,58,135 | 1,72,36,594 |
| Others | 68,40,841 | 1,07,97,022 |
| | <u>17,77,27,038</u> | <u>12,73,19,548</u> |
| NOTE 15 : OTHER INCOME | | |
| Rent received | 1,24,71,875 | 98,62,500 |
| Dividend received | 86,06,426 | 1,15,57,430 |
| Profit on sale of investments | 46,49,109 | 74,57,075 |
| Interest received | 35,60,353 | 30,30,883 |
| Miscellaneous Income | 6,792 | - |
| TOTAL | <u>2,92,94,555</u> | <u>3,19,07,888</u> |
| NOTE 16 : COST OF RAW MATERIAL CONSUMED | | |
| Opening Stock | 1,21,43,646 | 1,67,23,091 |
| Add: Purchases | <u>2,91,85,698</u> | <u>9,88,40,343</u> |
| | 4,13,29,344 | 11,55,63,434 |
| Less: Closing Stock | 12,00,716 | 1,21,43,646 |
| Consumption of Raw Material | <u>4,01,28,628</u> | <u>10,34,19,788</u> |
| Details raw material consumed | | |
| Marble Blocks | <u>4,01,28,628</u> | <u>10,34,19,788</u> |
| | <u>4,01,28,628</u> | <u>10,34,19,788</u> |
| Details of Inventory | | |
| Marble Blocks | 11,78,927 | 1,21,21,857 |
| Granite Blocks | 21,789 | 21,789 |
| | <u>12,00,716</u> | <u>1,21,43,646</u> |
| NOTE 17 : PURCHASE OF TRADED GOODS | | |
| Marble slabs | 7,68,36,241 | 9,92,85,932 |
| Porcellian Tiles | 2,24,18,067 | 1,72,36,594 |
| Others | 54,52,095 | 1,07,97,023 |
| TOTAL | <u>10,47,06,403</u> | <u>12,73,19,549</u> |
| NOTE 18 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE | | |
| <u>Opening stock:</u> | | |
| Finished Goods | 2,53,99,354 | 2,26,65,515 |
| Traded Goods | 5,99,00,651 | 3,25,96,010 |
| | <u>8,53,00,005</u> | <u>5,52,61,525</u> |
| <u>Less: Closing stock:</u> | | |
| Finished Goods | 2,30,40,085 | 2,53,99,354 |
| Traded Goods | 7,46,82,365 | 5,99,00,651 |
| | <u>9,77,22,450</u> | <u>8,53,00,005</u> |
| TOTAL | <u>(1,24,22,445)</u> | <u>(3,00,38,480)</u> |

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NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2012

| | As at 31st March, 2012 Rs. | As at 31st March, 2011 Rs. |
|---------------------------------------------|----------------------------------|----------------------------------|
| Details of Inventory | | |
| <u>Finished Goods</u> | | |
| Marble slabs | 2,30,13,879 | 2,53,99,354 |
| Others | 26,206 | - |
| | <u>2,30,40,085</u> | <u>2,53,99,354</u> |
| <u>Traded Goods</u> | | |
| Marble slabs | 3,98,69,457 | 3,62,06,279 |
| Porcellian Tiles | 2,62,02,460 | 1,62,48,408 |
| Others | 86,10,448 | 74,45,963 |
| | <u>7,46,82,365</u> | <u>5,99,00,650</u> |
| NOTE 19 : EMPLOYEES BENEFIT EXPENSES | | |
| Wages and Salaries | 19,99,620 | 20,44,692 |
| Directors' Remuneration | 36,00,000 | 36,00,000 |
| Provident Fund | 41,438 | 36,353 |
| E.S.I.C. | 14,920 | 13,168 |
| Bonus | 62,784 | 55,419 |
| Gratuity | - | 7,500 |
| TOTAL | <u>57,18,762</u> | <u>57,57,132</u> |
| NOTE 20 : OTHER EXPENSES | | |
| <u>Manufacturing Expenses</u> | | |
| Job work charges | 58,43,728 | 1,45,90,530 |
| Power and Water Charges | 14,40,538 | 13,85,037 |
| Fibre, Filling etc. charges | 31,27,265 | 37,92,841 |
| Repairs & Maintenance - Plant and Machinery | 6,36,310 | 2,90,659 |
| | <u>1,10,47,841</u> | <u>2,00,59,067</u> |
| <u>Administrative Expenses</u> | | |
| Motor Car Expenses | 3,02,642 | 2,35,661 |
| Telephone Expenses | 4,38,593 | 3,88,801 |
| Car rental charges | 9,00,000 | - |
| Rent, Rates & Taxes | 90,45,575 | 66,27,021 |
| Electricity & Water Charges | 18,14,329 | 13,24,457 |
| Payment to Auditors (details given below) | 1,00,000 | 1,00,000 |
| Repairs - Others | 3,53,923 | 7,84,973 |
| Legal & Professional Fees | 6,66,055 | 4,72,894 |
| Miscellaneous Expenses | 9,91,443 | 8,99,614 |
| | <u>1,46,12,560</u> | <u>1,08,33,421</u> |
| <u>Selling and Distribution Expenses</u> | | |
| Commission | 1,13,417 | - |
| Sales Promotion Expenses | 20,000 | 26,140 |
| Travelling Expenses | 19,30,525 | 25,25,965 |
| Export Expenses | 94,996 | 2,02,684 |
| Bad Debts Written off | 3,31,671 | 8,28,025 |
| Sample expenses | 82,074 | - |
| | <u>25,72,683</u> | <u>35,82,814</u> |
| TOTAL | <u>2,82,33,084</u> | <u>3,44,75,302</u> |
| Details of payment to Auditors | | |
| Audit Fee | 90,000 | 90,000 |
| Tax Audit Fee | 10,000 | 10,000 |
| | <u>1,00,000</u> | <u>1,00,000</u> |

Elegant Marbles & Grani Industries Ltd.

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2012

NOTE 21 : NOTES TO ACCOUNTS

1. **Significant Accounting Policies**

i. **Change in accounting policies**

During the year ended 31st March, 2012, the company has prepared the financial statements as per the format prescribed by the Revised Schedule VI to the Companies Act, 1956 issued by Ministry of Corporate Affairs. The company has also reclassified the previous year figures in accordance with requirement for the current period.

ii. The financial statements are prepared under the historical cost convention as a going concern and are generally in accordance with the requirements of the Companies Act, 1956. The accounting policies not specifically mentioned are consistent with generally accepted accounting principles.

iii. All items of income and expenditure are accounted for on accrual basis. However, gratuity is being accounted for on cash basis as the Company has not got actuarial valuation done of its total future liability for its employees on account of gratuity as the employees eligible for gratuity is insignificant.

iv. **Investments**

Non-current investments are stated at cost. Current investment are stated at lower of cost or fair value of individual investment.

v. **Fixed Assets**

Fixed Assets are stated at cost (including adjustments on revaluation) less accumulated depreciation. Cost of acquisition is inclusive of freight, duties and other incidental expenses incurred during construction period and exclusive of cenvat credit availed thereon.

vi. **Depreciation**

The Company is providing depreciation on straight line method as per rates given in Schedule XIV of the Companies Act, 1956 on pro rata basis.

vii. **Valuation of inventory**

- a. Raw materials are valued at cost.
- b. Finished goods are valued at lower of cost or net realisable value.
- c. Stores items purchased during the year are treated as consumed.

viii. **Foreign Currency Transaction**

- a. Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction. Foreign currency transactions remaining unsettled till finalisation of accounts for the year are translated at contracted rates when covered by forward exchange contracts and at year end rates in all other cases.
- b. Balance in Exchange Earner's Foreign Currency account is stated at the exchange rates prevailing at the end of the year.

ix. **Contingent Liability**

Contingent Liability, if any, are generally not provided for in the accounts and are shown separately as a note to the accounts.

x. Sales-tax & Service tax collected by the company are not treated as a part of its revenue.

xi. **Taxes on income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

xii. **Segment Reporting**

The accounting policies adopted for segment reporting are in line with the accounting policy of the company. Revenue and expenses, which relate to the enterprise as a whole and not allocable to segments on a reasonable basis, have been included under the head "Unallocated expenses."

xiii. **Financial Derivatives & Commodity Hedging Transactions**

- a. Financial derivatives and commodity hedging contracts are accounted on the date of their settlement and realised gain/loss in respect of settled contracts are recognised in the profit & loss account.
- b. The unrealised loss on contracts outstanding at the year end are provided for in the books of account of Company in accordance with the guidance note on Accounting for Equity Index & Equity Stock Futures and Options issued by the Chartered Accountants of India.

xiv. **Impairment of assets**

The carrying amount of assets is reviewed at each balance sheet date for any indication of impairment based on internal external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount and is charged to the Profit & Loss

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NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2012

NOTE 21 : NOTES TO ACCOUNTS (CONTD.)

account in the year of identification as an impaired asset. Impairment loss recognised in prior accounting periods is reversed if there is change in the estimate of recoverable amount.

2. Imported & indigenous materials consumed

| | % | 2012 Amount Rs. | % | 2011 AmountRs. |
|-----------------------|-----|--------------------|-----|-------------------|
| <u>Raw Materials</u> | | | | |
| Imported | 26 | 1,02,48,589 | 13 | 1,29,82,348 |
| Indigenously obtained | 74 | 2,98,80,039 | 87 | 9,04,37,440 |
| <u>Stores</u> | | | | |
| Imported | | — | | — |
| Indigenously obtained | 100 | 31,27,265 | 100 | 39,86,375 |

3. Value of Imports calculated on C. I. F. basis

| | | |
|--------------|-------------|-------------|
| Raw Material | 1,02,48,589 | 1,41,25,853 |
| Traded Goods | 1,73,29,190 | 1,46,37,317 |

4. Expenditure in foreign currency (Accrual Basis)

| | | |
|-----------------------------|-----------|-----------|
| Foreign Travelling expenses | 15,88,600 | 21,76,300 |
|-----------------------------|-----------|-----------|

5. Earnings in foreign currency (Accrual basis)

| | | |
|-------------------------|-----------|-----------|
| F.O.B. value of exports | 12,86,724 | 27,66,564 |
|-------------------------|-----------|-----------|

6. In the opinion of the management and to the best of their knowledge, the current assets, loans & advances are approximately of the value stated, if realised in the ordinary course of business, unless otherwise stated.

7. Earning Per Share

| | Rs. | Rs. |
|------------------------------------------------------|-------------|-------------|
| Profit/(Loss) after tax as per Profit & Loss A/c | 3,73,48,721 | 3,68,50,792 |
| Weighted Average number of Equity Shares outstanding | 45,00,000 | 45,00,000 |
| Basic and Diluted Earning per share | 8.30 | 8.19 |
| Face value of shares | 10.00 | 10.00 |

8. Contingent Liability

- The Company has given guarantee to the Central Sales-tax authorities to the tune of Rs. 5,000/- only.
- Pending disposal of appeal by Bombay High Court, which was preferred by the landlord against levy of Municipal taxes at a higher rate by Brihanmumbai Municipal Corporation (BMC), the company has paid Rs.8,01,244/- against the demand of Rs.20,03,100/-
- The assessee has preferred an appeal before the Commissioner of Income Tax (Appeals) against an order passed by Deputy Commissioner of Income Tax, raising demand of Rs.5,98,617/- on the company for the Assessment Year 2009-2010.

9. Segment Information

The business segment has been considered as the primary segment. The Company is organised into two main business segments, viz., Marble & Granite and investment activities. The above business segments have been identified considering :

- The customers;
- The differing risks and returns;
- The internal financial reporting system.

| | Marble & Granites Rs. | Investments Activities Rs. | Total Rs. |
|-------------------------------------|-----------------------------|----------------------------------|--------------|
| <u>a. Primary Business Segments</u> | | | |
| <u>Revenue</u> | | | |
| External revenue | 19,15,63,803 | 1,68,15,888 | 20,83,79,691 |
| Inter-segment revenue | — | — | — |
| <u>Results</u> | | | |
| Total Segment results | 4,55,30,693 | 1,66,30,790 | 6,21,61,483 |
| Unallocated expenses | | | (216,98,373) |
| Provision for Income-tax | | | (80,00,000) |
| Deferred tax | | | 49,17,936 |
| Previous years income tax | | | (32,325) |
| Profit after Tax | | | 3,73,48,721 |

Elegant Marbles & Grani Industries Ltd.

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2012

NOTE 21 : NOTES TO ACCOUNTS (CONTD.)

Other Information

| | | | |
|---------------------|---------------------|---------------------|---------------------|
| Segment Assets | 16,18,43,876 | 48,16,78,280 | 64,35,22,156 |
| Unallocated Assets | — | — | — |
| Total Assets | 16,18,43,876 | 48,16,78,280 | 64,35,22,156 |

| | | | |
|--------------------------|---------------------|---------------|---------------------|
| Segment Liabilities | 14,27,40,041 | 74,584 | 14,28,14,625 |
| Unallocated Liabilities | — | — | 50,07,07,531 |
| Total Liabilities | 14,27,40,041 | 74,584 | 64,35,22,156 |

| | |
|--------------------------------------------------------|-----------|
| Capital Expenditure | 5,52,283 |
| Non-cash Expenses other than Depreciation/Amortisation | — |
| Depreciation/Amortisation | 15,52,149 |

| | Domestic | Overseas | Total |
|----------------------------------------------------------------------|--------------|-----------|--------------|
| b. <u>Secondary Geographical Segment</u> | | | |
| External Revenue by location of customers | 20,70,92,967 | 12,86,724 | 20,83,79,691 |
| Carrying amount of Segment Asset by location of asset | 64,35,22,156 | — | 64,35,22,156 |
| Cost incurred on acquisition of tangible and intangible Fixed assets | 5,52,283 | — | 5,52,283 |

10. Disclosure as required by Accounting Standard - 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are as follows :

- a) Related parties where control exists :
- i. Madhu Holdings Private Limited
 - ii. Eternal Holdings Private Limited
 - iii. Elegant Financial Services Limited
 - iv. Alka Granites Private Limited
 - v. Everlasting Properties Private Limited
 - vi. Tiles and Styles India Private Limited
 - vii. Peaceful Properties Private Limited
 - ix. Everfresh Properties Private Limited

- b) Key management personnel & their relatives :
- i. Shri Rajesh Agrawal, Chairman & Managing Director
 - ii. Shri Rakesh Agrawal, Deputy Managing Director
 - iii. Shri R. S. Agrawal, father of the above directors.
 - iv. Mrs. Alka Agrawal, wife of Shri Rajesh Agrawal
 - v. Smt. Divya Agrawal
 - vi. Smt. Gita Agrawal

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

| | <u>2012</u> | <u>2011</u> |
|-----------------------------------|-----------------|-----------------|
| i. Rent paid | Rs. 55,20,000/- | Rs. 46,20,000/- |
| ii. Remuneration paid to director | Rs. 36,00,000/- | Rs. 36,00,000/- |

- d) Debit balances outstanding
- | | | |
|----------------------------------------------------|-----------------|-----------------|
| Deposits given against Directors' Residential flat | Rs. 50,00,000/- | Rs. 80,00,000/- |
|----------------------------------------------------|-----------------|-----------------|

- e) Other transactions

During the year ended 31st March, 2012, the company paid a final dividend of Rs. 2/- (year ended 31.03.2011 : Rs. 2/-) per equity share. This includes dividend on equity shares held by key managerial persons and their relatives at the beginning of respective financial years. For detail of shares held by key managerial persons and their relatives, refer note 1(b).

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NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2012 NOTE 21 : NOTES TO ACCOUNTS (CONTD.)

11. Deferred Tax

Major Component of Deferred tax assets and liabilities due to timing difference are as under :

Difference in value of assets as per books of account & W.D.V.
as per I.T. Act, 1961 -

Long Term Capital Loss A.Y. 2011-12
Long Term Capital Loss A.Y. 2012-13
Short Term Capital Loss A.Y. 2012-13
Speculation Loss A.Y. 2012-13

| 2012 | | 2011 | |
|--------------|--------------------|--------------|------------------|
| Deferred Tax | | Deferred Tax | |
| Assets | Liabilities | Assets | Liabilities |
| Rupees | | Rupees | |
| — | 19,45,968 | — | 21,74,116 |
| 5,66,362 | — | 5,66,362 | — |
| 33,81,590 | — | — | — |
| 13,04,638 | — | — | — |
| 3,996 | — | — | — |
| 52,56,586 | 19,45,968 | 5,66,362 | 21,74,116 |
| | (33,10,618) | | 16,07,754 |

12. The Company is trying to ascertain the enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act.

13. Disclosure as required by Guidance Note on Accounting for Equity Index & Equity Stock Futures and Options issued by The Chartered Accountants of India are as follows :

Derivative contracts entered into by the company and outstanding as on 31st March, 2012:

- There is no foreign currency exposure to the company.
- There were no contracts of futures/options in commodities/Equity pending as on the date of balance sheet.

14. Figures of the previous year have been regrouped and rearranged to correspond to current year's classification.

15. Figures have been rounded off to the nearest rupee.

Signature to Notes '1' to '21'

In terms of our report of even date

For & on behalf of Board of Directors

For **RAVI & DEV**
Chartered Accountants
FR. No. 108752W

Rajesh Agrawal
Chairman & Managing Director

(DEVENDRA A. MEHTA)
Partner
M. No. 82325
Place : Mumbai
Date : 29th May, 2012

Rakesh Agrawal
Deputy Managing Director

Mumbai
Date : 29th May, 2012

Elegant Marbles & Grani Industries Ltd.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| | For the year ended 31st March 2012 Rs. | For the year ended 31st March 2011 Rs. |
|-----------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net profit before tax and extra-ordinary items | 4,04,63,110 | 4,41,09,881 |
| <u>Adjustments for:</u> | | |
| Depreciation | 15,52,149 | 14,93,788 |
| Wealth Tax | 80,569 | - |
| Profit on Sale of Shares / Derivative/Commodity/Intra day | (46,49,109) | (74,57,075) |
| Interest / Dividend Income | (1,21,66,779) | (1,45,88,313) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES : | 2,52,79,940 | 2,35,58,281 |
| <u>Adjustments for:</u> | | |
| Other Long term liabilities | - | 15,92,530 |
| Trade Payables | 1,03,14,348 | 22,97,098 |
| Other current liabilities | 94,48,077 | 1,80,57,517 |
| Short Term Provisions | 4,175 | (23,163) |
| Dividend and DDT | - | 34,763 |
| Long-term loans and advances | (69,385) | 29,56,376 |
| Inventories | (14,79,516) | (2,54,59,034) |
| Trade receivables | 18,11,111 | 7,96,228 |
| Short-term loans and advances | 12,35,131 | (1,03,69,612) |
| CASH GENERATED FROM OPERATIONS | 4,65,43,881 | 1,34,40,984 |
| Direct taxes paid (net of refund) | (64,05,357) | (68,77,163) |
| Net cash from operating activities (A) | 4,01,38,524 | 65,63,821 |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Fixed assets | (5,52,283) | (12,93,423) |
| Investment in Shares and Mutual funds | (4,49,32,503) | (1,70,39,506) |
| Interest received | 35,60,353 | 30,30,883 |
| Profit on Sale of Shares /units/ Intra day | 46,49,109 | 74,57,075 |
| Dividend received | 86,06,426 | 1,15,57,430 |
| Net cash used in investment activities (B) | (2,86,68,898) | 37,12,459 |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Dividend paid | (90,00,000) | (90,00,000) |
| Tax on equity dividend paid | (14,60,025) | (14,94,788) |
| Net cash used in financing activities (C) | (1,04,60,025) | (1,04,94,788) |
| Net Increase / (Decrease) in cash and cash equivalents (A+B+C) | 10,09,601 | (2,18,508) |
| Add : Opening balance of Cash & cash equivalents | 37,97,045 | 40,15,553 |
| Closing balance of Cash & cash equivalents | 48,06,646 | 37,97,045 |

- Note 1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. The previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

As per our Report of even date attached

For **RAVI & DEV**
Chartered Accountants
FR. No. 108752W

(DEVENDRA A. MEHTA)
Partner
M. No. : 82325

Place : Mumbai
Date : 29th May, 2012

For & on behalf of Board of Directors

Rajesh Agrawal
Chairman & Managing Director

Rakesh Agrawal
Deputy Managing Director

Mumbai
29th May, 2012

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Elegant Marbles & Grani Industries Ltd.

Regd. Office : E 7/9, RIICO Industrial Area, Abu Road 307 026, Rajasthan.

27TH ANNUAL GENERAL MEETING

ATTENDANCE SLIP

FOLIO No.
(To be filled by the Shareholder)

I declare that I am a Registered Shareholder of the Company and hold Shares

Member's Signature

NOTE :

1. A member / proxy attending the meeting must complete this Attendance Slip and hand it over at the entrance.
2. Member intending to appoint a proxy should complete the Proxy Form as below and deposit it at the Company's Registered Office not later than 48 hours before the commencement of the meeting.

Name of the Proxy in BLOCK LETTERS

Proxy's Signature

Elegant Marbles & Grani Industries Ltd.

Regd. Office : E 7/9, RIICO Industrial Area, Abu Road - 307 026, Rajasthan

27th ANNUAL GENERAL MEETING

FORM OF PROXY

I/We
of in the district of
being a Member / Members of Elegant Marbles & Grani Industries Ltd., hereby appoint
.....of.....
in the district ofor failing him.....
of..... in the district of.....
as my / our Proxy to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company
to be held at the Registered Office of the Company at E 7/9, RIICO Industrial Area, Abu Road 307 026, Rajasthan
on Tuesday 24th July, 2012 at 9.00 A. M. and at any adjournment thereof.

As witness my / our hand/s this day of 2012

| |
|--------------------------------------|
| AFFIX Re. 1/- REVENUE STAMP |
|--------------------------------------|

Signature

NOTE: A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member. This instrument appointing a Proxy and the Power of Attorney if any, under which it is signed should be deposited at the Registered Office of the Company not less than forty eight hours before the time for holding the aforesaid Meeting.



TEAR HERE

