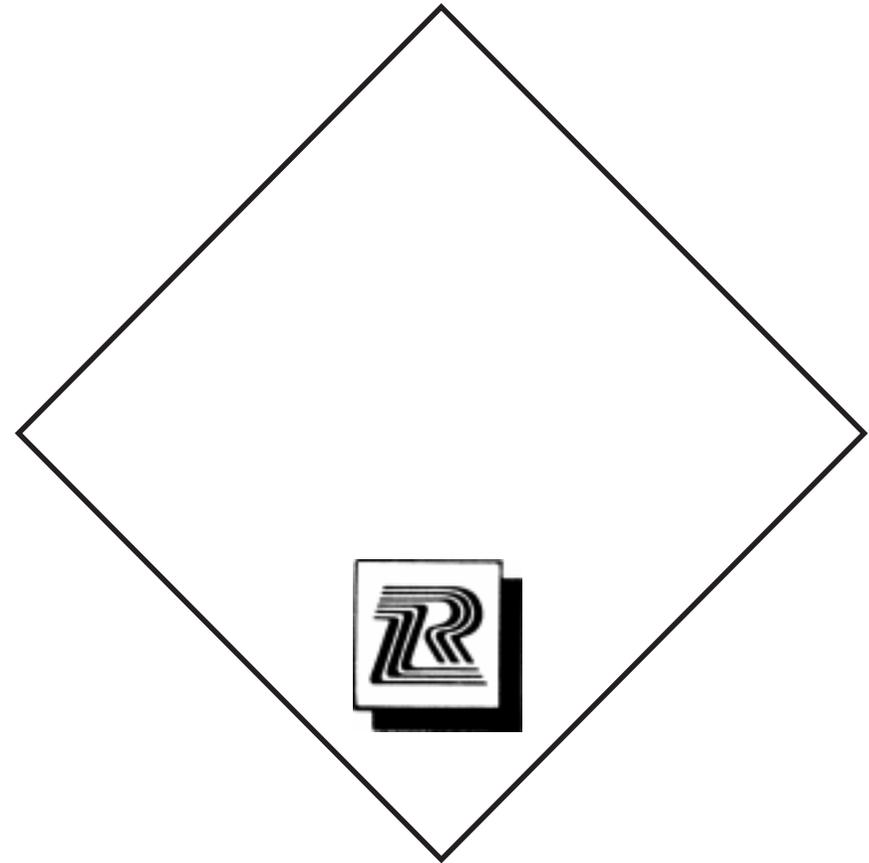


**BOOK - POST
PRINTED MATTER**

**20th
ANNUAL REPORT
2009 - 2010**



Ravi Leela
Granites Limited



If undelivered please return to :

RAVILEELA GRANITES LIMITED

Plot No.19, Siripuri Colony

Karkhana, Secunderabad - 500 015.

BOARD OF DIRECTORS

| | |
|-----------------------------|-------------------|
| P Srinivas Reddy | - Director |
| D Surendranath Reddy | - Director |
| M Mohan Reddy | - Director |
| Dr. Babu S Ramdev | - Director |

AUDITORS

S.V. Rao & Associates.
Chartered Accountants
8-2-293/82/A/796-B,
Road No. 36, Jubilee Hills,
Hyderabad – 500 033.

**SHARE TRANSFERS
SHARES DEPARTMENT**

**SATHGURU MANAGEMENT
CONSULTANTS PVT. LTD**
PlotNo.15, Hindi Nagar,
Panjagutta, Hyderabad-500 034.
Ph. No: 040-23356975,23356507.

**SECRETRIAL
COMPLIANCE OFFICER**

Parvat Srinivas Reddy

BANKERS

Andhra Bank
Ameerpet branch,
6-3-867, Opp. Greenlands,
Hyderabad – 500 018.

REGISTERED OFFICE

Survey No 203, Sampannabolu Village,
Shameerpet Mandal, R R Dist., A.P.

CORPORATE OFFICE

Plot No. 14, Siripuri Colony,
Karkhana,
Secunderabad – 500 015.
Ph. No. 040-27743733
Fax : 040-27743732
Email: ravileel@yahoo.com
www.ravileelagranites.com

RAVILEELA GRANITES LIMITED

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the members of the Company will be held on Thursday, the 30th September, 2010 at 11.00 A.M at the Registered office of the Company At Survey No. 203, Sampannabolu (V), Shameerpet Mandal, R R Dist, Andhra Pradesh, to transact the following Ordinary Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 and Profit and Loss Account on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. D Surendranath Reddy, who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956 to appoint M/s. S.V. Rao & Associates, Chartered Accountants, Hyderabad the retiring auditors, as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to authorize the Board to fix their remuneration.

For and on behalf of the Board of Directors of
M/s. Ravileela Granites Limited

Place: Hyderabad
Date : 25.08.2010

Sd/-
P Srinivas Reddy
Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the Meeting.
2. Members/Proxies are requested to fill in the enclosed attendance slip and deposit the same at the entrance of the meeting hall.
3. The Register of members and share transfer books of the company will remain closed from 26.09.2010 to 30.09.2010 (both days inclusive).
4. The Register of directors' shareholdings shall be open for inspection to any member of the company during the period beginning 14 days before the date of company's annual general meeting and ending 3 days after the date of its conclusion. The said register shall also remain open and accessible during the annual general meeting to any person having right to attend the meeting.

For and on behalf of the Board of Directors of
M/s. Ravileela Granites Limited

Place: Hyderabad
Date : 25.08.2010

Sd/-
P Srinivas Reddy
Director

RAVILEELA GRANITES LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 20th Annual Report and the Audited Accounts of your Company for the year ended March 31, 2010 together with the Auditor's Report thereon.

FINANCIAL RESULTS:

Your Company's financial results for the year under review are as under

| Particulars | Rs. in Lakhs | |
|---------------------------------------|--------------|------------|
| | 31.03.2010 | 31.03.2009 |
| Total Income | 688.96 | 1733.19 |
| Expenditure | 743.89 | 1459.61 |
| Profit/(Loss) Before Tax | (54.93) | 273.58 |
| Prior Period adjustments | 1.38 | 1.09 |
| Less: Deferred Tax | 48.96 | 142.57 |
| Fringe Benefit Tax | — | 0.30 |
| Net Profit/ (loss) after Tax | (105.27) | 129.62 |
| Add: Loss b/f from previous year | (1493.85) | (1623.47) |
| Loss carried forward to Balance sheet | (1599.12) | (1493.85) |

FINANCIAL REVIEW:

Your company reported a very low performance during the year under review.

Total Revenue has been decreased by Rs. 1044.23 lakhs from Rs. 1733.19 lakhs to Rs 688.96 lakhs. PBIDT decreased from Rs. 273.58 lakhs to Rs. (54.93) lakhs. Net Profit decreased from Rs 129.62 lakhs to Rs. (105.27) lakhs due to the adverse market conditions.

DIVIDEND:

With a view to conserve its resources, no provision for dividends has been made.

DIRECTORS:

In accordance with the Companies Act, 1956 read with the Articles of Association of the Company, Mr. D Surendranath Reddy, Directors will retire by rotation and being eligible offers himself for appointment.

Your Board recommends the re-appointment of the Director above.

PUBLIC DEPOSITS:

During the year under review, your company has neither invited nor accepted any deposits from the public within the meaning of Sec. 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

STATUTORY AUDITORS:

M/s. S.V. Rao & Associates, Chartered Accountants, as Statutory Auditors of the Company hold office until the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from M/s. S.V. Rao & Associates, Chartered Accountants to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES:

During the year under review, no employee of the company was in receipt of remuneration for the whole year which in the aggregate was Rs. 24,00,000/- or more per annum nor was any

RAVILEELA GRANITES LIMITED

employee in receipt of remuneration Rs. 2,00,000/- or more per month for the any part of the year in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

During the year under review, industrial relations of the company continued to be cordial and peaceful.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to provisions of Section 217 (2AA) of the Companies Act, 1956 with respect to "Directors' Responsibility Statement", it is hereby confirmed;

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts for the financial year ended 31st March, 2010 on a going concern basis.

AUDITOR'S QUALIFICATION ON ACCOUNTS :

(ix) (a) Company is not regular in depositing the undisputed statutory dues in respect of Provident Fund, Income Tax and other material statutory dues applicable to the Company.

Undisputed amount in respect of the following amounts payable for more than six months from the date they become payable;

| S.No | Name of Statute | Nature of the dues | Amount (In Rupees) | Financial Year to which matter pertains |
|------|--|---------------------|--------------------|---|
| 1 | Provident Fund & Miscellaneous Act 1952. | Provident Fund | 60732 | 2009-10 |
| | | | 546679 | 2007-08 |
| | | | 108675 | 2006-07 |
| 2 | Fringe benefit Tax | Fringe benefit tax | 30,022 | 2008-09 |
| | | | 23,783 | 2007-08 |
| | | | 53,462 | 2006-07 |
| 3 | The AP General Sales Tax 1956. | Sales Tax Deferment | 68,648 | 2005-06 |
| | | | 14,768 | 1998-99 |
| | | | 1,50,034 | 1999-2000 |
| 4 | The AP General Sales Tax 1956. | Sales tax | 84,401 | 2008-09 |
| | | | | |
| 5 | The AP Tax On Professions, Trades, Callings And Employments Act, 1987. | Professional Tax | 7,01,267 | 2002-2010 |
| | | | | |
| | Income Tax 1961 | TDS | 208223 | 2009-10 |

DIRECTORS CLARIFICATION :

The Board explained that after clearing all the installments of outstanding dues of PF and Professional Tax, the company will pay all the statutory dues regularly.

The Board explained that PF is being paid in installments as directed by the Department. The Fringe Benefit Tax will be paid soon. The Company has already remitted the dues to the Income tax authorities on 29.07.2010. This will be reflected in the next financial statements.

RAVILEELA GRANITES LIMITED

REPORT ON CORPORATE GOVERNANCE:

Your Company is committed to maintain the highest standards of Corporate Governance. As required under Clause 49 of the Listing Agreement with the Stock Exchanges a report on Corporate Governance is given as annexure to this annual report.

Certificate of the Auditor regarding compliance with the conditions of corporate governance is also given.

MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed Management Discussion and Analysis is provided in the Annual Report.

PARTICULARS REGARDING ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of Energy Conservation, Research & Development, Technology Absorption, Foreign Exchange Earnings and Outgo as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure to the Directors Report.

LISTING AT STOCK EXCHANGES

The Equity Shares of the Company are listed on Bombay Stock Exchange Limited. The trading of the Company shares is now in suspension.

CODE OF CONDUCT

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them.

Acknowledgements :

The Directors take this opportunity to thank Company's customers, suppliers, bankers, financial Institutions for their consistent support to the Company. Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the Company at all levels. Your Directors also wish to express their gratitude to the Shareholders for the confidence reposed by them in the Company and for the continued support and co-operation.

For and on behalf of the Board of Directors of
M/s.Ravileela Granites Limited

Place: Hyderabad
Date: 25.08.2010

Sd/-
P. Srinivas Reddy
Director

Declaration by Director of affirmation by Directors and senior Management personnel of compliance with the code of conduct

The shareholders

I, P. Srinivas Reddy, Director of the Company do hereby declare that the directors and senior management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

For and on behalf of the Board of Directors of
M/s.Ravileela Granites Limited

Place: Hyderabad
Date: 25.08.2010

Sd/-
P. Srinivas Reddy
Director

RAVILEELA GRANITES LIMITED

Annexure

Particulars Regarding Energy Conservation, Technology Absorption And Foreign Exchange Earnings And Outgo

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

Conservation of Energy :

| Power: | 2009-2010 | 2008-2009 |
|---------------------------|-----------|-----------|
| No. of Units consumed KWH | 200461 | 440615 |
| Units Rate (Rs.) | 19.38 | 16.66 |
| Total Amount (Rs.) | 3885385 | 7340646 |

Fuel:

| | | |
|----------------------------|---|---|
| No. of Units Consumed | - | - |
| Unit Rate (per ltr.) (Rs.) | - | - |
| Total Amount (Rs.) | - | - |

Research & Development: NIL

Absorption of Technology: NIL

The Foreign Exchange out go and Earnings are as follows:

| | For the Year ended | For the Year ended |
|--------------------------------------|--------------------|--------------------|
| Earnings : | 31.03.2010 | 31.03.2009 |
| Export FOB | 513.13 | 1201.38 |
| Out go : | | |
| Import of Consumables & Spares (CIF) | 81.19 | 137.80 |

MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

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

i. The demand for India granite has reduced substantially because of global recession. Overall global economic conditions needs to improve for increase demand for Indian granite in the International market.

ii. The company has been registered with BIFR as the network of the company has comedown and the same is under process.

B) Internal Control System and adequacy :

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

C) Financial and Operational Performance:

Highlights of financial and operational performances are given below:

As at 31.03.2010 (Rs. In lakhs)

| | |
|--|----------|
| Income from operations | 580.81 |
| Other Income | 108.13 |
| Expenditure | 743.88 |
| Profit/(Loss) for the year after Tax | (54.92) |
| Prior Period Adjustments | 1.38 |
| Profit/(Loss) for the year after adjustments | (56.31) |
| Differed Tax | 48.96 |
| Profit/(Loss) for the year after tax | (105.27) |

RAVILEELA GRANITES LIMITED

D) Human Resources, Industry Development relations:

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

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on code of governance :

Corporate governance is a synonym for sound management, transparency and disclosure. The Companies philosophy of corporate governance envisages the highest level of transparency, accountability and equity in all its dealings with shareholders, employees, government and lenders. The Company's guiding principles are focused to achieve the highest standards of corporate governance. In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the Stock Exchanges, the details are set out below:

2. Board of Directors :

Composition and Category of Directors as at 31st March, 2010 :

The Board of Directors comprises 4 Non –Executive Directors and a Manager. During the Year 6 Board Meetings were held on 25.04.2009, 23.07.2009, 19.10.2009, 13.11.2009, 28.12.2009 & 18.01.2010.

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

| Name of Director | Category of Directorship | No. of Board Meetings attended | Attendance at last AGM | No. of other Director-ships | Committee Membership in Other Companies |
|-------------------------|------------------------------------|--------------------------------|------------------------|-----------------------------|---|
| Mr.P.Srinivas Reddy | Promoter, Non Executive Director | 6 | YES | 2 | 3 |
| Mr.D.Surendranath Reddy | Non Executive Independent Director | 6 | YES | - | 4 |
| Mr.Mohan Reddy | Non Executive Independen Director | 6 | YES | 1 | 4 |
| Dr.Babu S.Ramdev* | Non Executive Independen Director | - | NO | - | 1 |

*NRI Director

Audit Committee :

The Composition of the Audit Committee is in compliance with the Clause 49 of the Listing Agreement and the terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges.

The Audit Committee comprises of 3 (Three) Non-executive Independent Directors. The Audit Committee met 4 (Four) times during the year under review on 25.04.2009, 23.07.2009, 19.10.2009, 18.01.2010

RAVILEELA GRANITES LIMITED

The composition of Audit Committee and the details of meetings attended are given below:

| Name of Member | Position held in Committee | No.of Meetings attended |
|-------------------------|----------------------------|-------------------------|
| Mr.M.Mohan Reddy | Chairman | 4 |
| Mr.D.Surendranath Reddy | Member | 4 |
| P. Srinivas Reddy | Member | 4 |

During these meetings, the Committee, inter alia, reviewed the financial statements including changes in accounting policies and practices before submission to the Board, recommended the appointment of statutory auditors including fixation of audit fee, and reviewed the company's financial and risk management policies.

Investors' Grievance Committee:

The responsibilities of the Committee include a) to approve share transfers and transmissions and b) to approve splitting of share certificates, consolidation of share certificates and related matters including issue of fresh share certificates in lieu of the split / consolidated certificates and redressal of all shareholders queries and grievances. The Committee has been meeting at regular intervals to resolve the complaints and replied / resolved to the satisfaction of the investors.

During the year, the committee met once on 31.10.2009

The composition of Shareholders/ investors grievance committee and the details of meetings attended are given below:

| Name of Member | Position held in Committee | No.of Committee Meetings attended |
|-------------------------|----------------------------|-----------------------------------|
| Mr.M.Mohan Reddy | Chairman | 1 |
| Mr.D.Surendranath Reddy | Member | 1 |
| P. Srinivas Reddy | Member | 1 |

Remuneration Committee:

The responsibilities of remuneration committee are to appraise the performance of Executive Directors and senior officers of the Company and to determine and recommend to the Board compensation payable to the above said persons.

During the year, the remuneration committee has not met since no activities took place in this direction during the period under review.

The composition of remuneration committee and the details are given below:

| Name | Position held in Committee |
|--------------------------|----------------------------|
| Mr. P.Srinivas Reddy | Chairman |
| Mr. Mohan Reddy | Member |
| Mr. D.Surendranath Reddy | Member |

No remuneration paid to the executive as well as non executive directors during the year.

RAVILEELA GRANITES LIMITED

Details on General Body Meetings:

| Financial Year | Date | Time | Location |
|----------------|------------|-----------|--|
| 2008-2009 | 28/12/2009 | 11 A.M | Regd. Off..S.No 203, Sampannabolu(V), Shameerpet(M) R.R.Dist |
| 2007-2008 | 30/9/2008 | 11.00 P.M | Regd. Off..S.No 203, Sampannabolu(V), Shameerpet(M) R.R.Dist |
| 2006.2007 | 24/9/2007 | 2.00 P.M | Regd. Off..S.No 203, Sampannabolu(V), Shameerpet(M) R.R.Dist |

Postal Ballot:

During the year 2009-2010, there are no resolutions passed under Postal Ballot pursuant to Section 192A of the Companies Act, 1956.

Disclosures:

The Board of Directors receive from time to time disclosures relating to financial and commercial transactions from key management personnel of the Company as and when they and / or their relatives have personal interest in any of the pecuniary transactions with the Company. There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large.

Means of Communication:

The quarterly financial results and shareholding pattern of the Company are furnished to the Stock Exchanges.

Management's Discussion & analysis forms part of the Annual Report, which is mailed to the shareholders of the Company.

General Shareholder Information:

1. Annual General Meeting:

Date and Time: 30th September, 2010 at 11.00 A.M

Venue: S. No 203, Sampannabolu(V), Shameerpet(M) R.R.Dist

Financial Calendar (tentative): Financial Year April 2010 to March 2011

| | | |
|------------------------|---|-------------|
| First quarter results | : | 15.08. 2010 |
| Second quarter results | : | 15.11 2010 |
| Third quarter results | : | 15.02. 2011 |
| Fourth quarter results | : | 15.05. 2011 |

Book Closure Dates: 26th September, 2010 to 30th September, 2010 (both days inclusive for the purpose of AGM)

Listing on Stock Exchanges:

The Company Shares are listed on the following Stock Exchanges

1. Bombay Stock Exchange Limited

Stock Market Price Data:

Trading of shares are in suspension, hence data is not available.

RAVILEELA GRANITES LIMITED**Registrar and Share Transfer Agents :**

SATHGURU MANAGEMENT CONSULTANTS PVT LTD
Plot No.15, Hindi Nagar, Panjagutta,
Hyderabad-500 034.
Ph.No: 040-23356975, 23356507.

Share Transfer System :

The Board has delegated share transfer formalities to the Registrars and Transfer Agents:

SATHGURU MANAGEMENT CONSULTANTS PVT LTD
PlotNo.15, Hindi Nagar, Panjagutta,Hyderabad-500 034.
Ph.No: 040-23356975,23356507.

DISTRIBUTION OF SHAREHOLDING AS ON QUARTER ENDING 31st March, 2010

| No.of Shares | SHARE HOLDERS | | SHAREHOLDING | |
|--------------|---------------|---------------|-----------------|---------------|
| | Nos. | % | Nos. | % |
| Upto 500 | 19485 | 93.01 | 3319700 | 32.49 |
| 501-1000 | 902 | 4.31 | 742400 | 7.27 |
| 1001-2000 | 329 | 1.56 | 492600 | 4.82 |
| 2001-3000 | 82 | 0.38 | 209800 | 2.05 |
| 3001-4000 | 43 | 0.21 | 155850 | 1.53 |
| 4001-5000 | 29 | 0.14 | 136600 | 1.34 |
| 5001-10000 | 41 | 0.20 | 338985 | 3.32 |
| Above 10001 | 39 | 0.19 | 4818965 | 47.18 |
| TOTAL | 20950 | 100.00 | 10214900 | 100.00 |

j) Categories of Shareholders as on 31st March,2010

| Particulars | Category | No. of shares held | % Share holding |
|-------------|---|--------------------|-----------------|
| A | Shareholding of Promoter and Promoter group | | |
| 1. | Indian Individual | 3854269 | 37.73 |
| 2. | Foreign Individual | 311331 | 3.05 |
| | Sub-Total A | 4165600 | 40.78 |
| B | Public Shareholding | | |
| 1. | Institutions | - | - |
| 2. | Non Institutionsa. | | |
| | a. Bodies Corporatea. | 423700 | 4.15 |
| | b. Indian Public and others | 5625600 | 55.07 |
| | Sub Total B | 6049300 | 59.22 |
| | Grand Total (A+B) | 10214900 | 100 |

Dematerialization of Shares and Liquidity :

All the shares are in physical form. Application is being made to NSDL & CDSL for demat of shares. Presently the shares under suspension in BSE.

RAVILEELA GRANITES LIMITED**Address for Investor Correspondence :**

Shares Division: Plot No. 14, Siripuri Colony, Karkhana, Secunderabad – 500 015.
Ph. No. 040-27743733

In terms of Clause 47(f) of the Listing Agreement of Stock Exchanges investors may please use the following exclusive e-mail ID for redressal of their grievances. E-Mail: ravileel@yahoo.com.

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To
The Members of
RAVILEELA GRANITES LIMITED

We have reviewed the compliance of conditions of Corporate Governance by M/s. Ravileela Granites Limited, for the year ended on March 31, 2010, 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 implementations 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 statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

No investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company

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

For SS REDDY & ASSOCIATES
Company Secretaries

Place: Hyderabad
Date : 25.08.2009

Sd/-
S. Sarweswara Reddy

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **RAVILEELA GRANITES LIMITED** as on 31st March 2010, the related Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure to statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit:
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books:
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the above books of account:
 - d) In our opinion, the Balance sheet, Profit & loss account and Cash flow statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except for accounting of employee benefits.
 - e) As per the information and explanations given to us, none of the Directors of the company is disqualified from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the companies Act, 1956 in the manner so required and give a true and fair view, subject to Para No.3 of Notes on account regarding non provision of Gratuity
 - i) In the case of the Balance sheet, of the State of affairs of the Company as at 31st March, 2010 and,
 - ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date and
 - iii) In the case of the Cash flow statement of the cash flow for the year ended on that date.

Place: Hyderabad
Date : 25-08-2010

for S.V.RAO ASSOCIATES
Firm Registration No: 003152S
Chartered Accountants
Sd/-
(S.V.Rao)
Partner
Membership No.023903

ANNEXURE TO THE AUDITORS' REPORT

- i) (a) The Company is in the process of preparation of records of the fixed assets to show full particulars including quantitative details and situation of fixed assets. The fixed assets were physically verified during the year by the management and the discrepancy, if any, will be ascertained only after the completion of the records.
(b) In our opinion and according to the information and explanations given to us, no substantial part of the fixed assets have been disposed off during the year.
- ii) (a) The Inventory has been physically verified by the management at the year end. In our opinion the frequency of verification is adequate.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the maintenance of records are satisfactory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.
- iii) (a) In our opinion and according to the information and explanations given to us, the company has not granted any loans secured or unsecured to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly clause 4(iii), a to d of the Companies (Auditors Report) Order, 2003 are not applicable.
(b) The Company has taken unsecured loans from ONE party listed in the register maintained under section 301 of the Companies Act, 1956 amounting to Rs.69.98 lacs. The balance as at the end of the financial year is. Rs.1,373.31 lacs
(c) According to the information and explanations given to us, the said loans do not bear any interest, and there are no specific terms and conditions concerning the repayment of the loan.
(d) As the said loans do not contain any terms and conditions the question of overdue amounts does not arise.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods or services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any major weaknesses in the aforesaid internal control procedures.
- v) (a) On the basis of our examination of the books of account and according to the information and explanations given to us, the company has no transactions that need to be entered in to the register maintained under Section 301 of the companies Act, 1956.
(b) In view of our comment in paragraph v(a) above, paragraph v(b) of the aforesaid order in our opinion is not applicable.
- vi) The company has not accepted any deposits from the public within the meaning of Sections 58 A and 58AA of the Companies Act, 1956 and the rules framed there under.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) The maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 for any of the products of the company for the year under review .
- ix) (a) According to the information and explanations given to us, and according to books and records as produced and examined by us, in our opinion, the Company is not regular in depositing the undisputed statutory dues in respect of Provident fund, income tax, and other material statutory dues as applicable to the company, with the appropriate authorities regularly. The undisputed amounts which were in arrears as at balance sheet date for a period of more than six months from the date of they became payable are given below :-

RAVILEELA GRANITES LIMITED

| S.No | Name of Statute | Nature of the dues | Amount (In Rupees) | Financial Year to which matter pertains |
|------|---|-------------------------|--------------------------------------|--|
| 1 | Provident Fund & Miscellaneous Act 1952. | Provident Fund | 60732 546679 108675 | 2009-10 2007-08 2006-07 |
| 2 | Fringe benefit Tax | Fringe benefit tax | 30,022 23,783 53,462 68,648 | 2008-09 2007-08 2006-07 2005-06 |
| 3 | The AP General Sales Tax 1956. | Sales Tax Deferment | 14,768 1,50,034 | 1998-99 1999-2000 |
| 4 | The AP General Sales Tax 1956. | Sales tax | 84,401 | 2008-09 |
| 5 | The AP Tax On Professions, Trades, Callings And Employments Act, 1987. Income Tax 1961 | Professional Tax TDS | 7,01,267 208223 | 2002-2010 2009-10 |

- (b) According to the information and explanations given to us, and according to records of the company examined by us, the Company has received a demand for an amount of Rs.14,26,938/- towards Interest and Rs.42,95,546/- towards damages payable on delayed payment of PF dues from the Provident Fund authorities. The Company has paid an amount of Rs.10,77,173/- towards Interest and has filed an appeal with the Regional Provident Fund Commissioner disputing the balance amount of Interest and damages. The Company has not provided for the amounts due in the financial statements of the year.
- x) The accumulated loss as on 31.03.2010 is more than 50% of the net worth, and the company has not incurred cash loss during the current financial year and as well as preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has no borrowings from Financial institutions or Banks.
- xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion the company is not a chit fund or nidhi /mutual benefit fund/society. Therefore the provisions of Paragraph 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of Paragraph 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) According to information and explanations given to us, the company has not raised any term loans during the year.
- xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The company has not issued any debentures during the year and hence the question of creation of security or charge does not arise.
- xx) The company has not raised any money by public issue during the year.
- xxi) During the course of examination, of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of any such case by the management.

Place: Hyderabad
Date : 25-08-2010

for S.V.RAO ASSOCIATES
Firm Registration No: 003152S
Chartered Accountants
Sd/-
(S.V.Rao)
Partner
Membership No.023903

RAVILEELA GRANITES LIMITED
BALANCE SHEET AS AT 31st MARCH, 2010

| PARTICULARS | SCHEDULE NO. | AS AT 31-03-2010 Rs. | AS AT 31-03-2009 Rs. |
|---|--------------|----------------------------|----------------------------|
| I. SOURCE OF FUNDS: | | | |
| Share Holders Funds: | | | |
| Share Capital | 1 | 101,669,000 | 101,669,000 |
| Reserves & Surplus | 2 | 1,500,000 | 1,500,000 |
| LOAN FUNDS: | | | |
| Unsecured loans | 3 | 137,330,861 | 130,333,101 |
| | | 240,499,861 | 233,502,101 |
| II APPLICATION OF FUNDS : | | | |
| <u>Fixed Assets:</u> | 4 | | |
| Gross Block | | 185,728,322 | 185,728,322 |
| Less : Depreciation | | 125,522,577 | 117,437,175 |
| Net Block | | 60,205,744 | 68,291,147 |
| <u>Deferred Tax Asset</u> | | 62,453,984 | 67,350,022 |
| <u>Current Assets, Loans & Advances</u> | 5 | | |
| a. Inventories | | 13,673,047 | 9,766,954 |
| b. Sundry debtors | | 12,546,448 | 17,735,337 |
| c. Cash and bank balances | | 178,415 | 1,675,725 |
| d. Other current assets | | 82,310 | 72,617 |
| e. Loans & advances | | 8,085,518 | 13,637,834 |
| | | 34,565,738 | 42,888,466 |
| Less: Current Liabilities and Provisions | 6 | | |
| a) Current Liabilities | | 72,886,318 | 90,938,831 |
| b) Provisions | | 3,751,849 | 3,473,810 |
| | | 76,638,167 | 94,412,641 |
| Net Current Assets | | (42,072,430) | (51,524,175) |
| Profit & Loss Account | | 159,912,562 | 149,385,107 |
| | | 240,499,861 | 233,502,101 |
| Notes on Accounts | 14 | | |

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

For and On behalf of the Board

Sd/-
(S.V.RAO)
PARTNER

Sd/-
(M. MOHAN REDDY)
DIRECTOR

Sd/-
(P. SRINIVASA REDDY)
DIRECTOR

PLACE : HYDERABAD
DATE : 25.08.2010

RAVILEELA GRANITES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE PERIOD 31st MARCH, 2010

| PARTICULARS | SCHEDULE NO. | AS AT 31-03-2010 Rs. | AS AT 31-03-2009 Rs. |
|--|--------------|----------------------|----------------------|
| I. INCOME : | | | |
| Gross Sales | | 58,631,979 | 129,334,021 |
| Less: Excise Duty | | 550,086 | 965,508 |
| | | <u>58,081,893</u> | <u>128,368,513</u> |
| Other Income | 7 | 8,302,157 | 48,993,203 |
| Variation in stocks | 8 | 2,511,499 | (4,042,475) |
| | | <u>68,895,549</u> | <u>173,319,242</u> |
| II. EXPENDITURE : | | | |
| Materials Consumed | 9 | 32,010,052 | 73,890,358 |
| Personnel cost | 10 | 14,128,299 | 14,134,362 |
| Manufacturing expenses | 11 | 14,700,863 | 31,847,327 |
| Administration and Selling expenses | 12 | 5,342,650 | 17,233,233 |
| Financial Charges | 13 | 121,252 | 770,943 |
| Depreciation | 4 | 8,085,402 | 8,085,402 |
| | | <u>74,388,518</u> | <u>145,961,625</u> |
| Profit /(Loss) for the year | | (5,492,969) | 27,357,617 |
| Prior period adjustments | | 138,448 | 108,722 |
| Profit/(Loss) for the period after adjustments | | (5,631,417) | 27,248,895 |
| Less: Deferred tax | | 4,896,038 | 14,256,830 |
| Less: Provision for fringe benefit tax | | - | 30,022 |
| Profit/(Loss) after tax | | (10,527,455) | 12,962,043 |
| Loss brought forward | | (149,385,107) | (162,347,151) |
| Balance transferred to Balance Sheet | | (159,912,562) | (149,385,107) |
| Earnings per share (EPS) par value Rs.10 each. Basic/diluted | | 1.04 | 1.27 |
| Notes on accounts | 14 | | |

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

For and On behalf of the Board

Sd/- **(S.V.RAO)** PARTNER
Sd/- **(M. MOHAN REDDY)** DIRECTOR
Sd/- **(P. SRINIVASA REDDY)** DIRECTOR

PLACE : HYDERABAD
DATE : 25.08.2010

RAVILEELA GRANITES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

| PARTICULARS | SCHEDULE No | AS AT 31-03-2010 Rs. | AS AT 31-03-2009 Rs. |
|---|-------------|----------------------|----------------------|
| SHARE CAPITAL | | | |
| | 1 | | |
| Authorized Capital 1,20,00,000 | | | |
| Equity Shares of Rs.10/- each | | 120,000,000 | 120,000,000 |
| Issued, Subscribed and Paidup Capital | | | |
| 10215000 Shares of Rs.10/- each fully called up | | 102,150,000 | 102,150,000 |
| Less : Calls in arrears | | 481,000 | 481,000 |
| 96200 shares of Rs.5/-(partly paid) each | | | |
| | | <u>101,669,000</u> | <u>101,669,000</u> |
| RESERVES AND SURPLUS | | | |
| | 2 | | |
| State subsidy | | 1,500,000 | 1,500,000 |
| | | <u>1,500,000</u> | <u>1,500,000</u> |
| UNSECURED LOANS | | | |
| | 3 | | |
| From Directors | | 79,966,869 | 72,969,109 |
| From Others | | 57,363,992 | 57,363,992 |
| | | <u>137,333,861</u> | <u>130,333,101</u> |

SCHEDULE 4 : FIXED ASSETS YEAR 2009 - 10

(Amount in Rs.)

| Sl. No. | Name of Assets | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|---------------|------------------------|--------------------|-----------|--------------------|--------------------|------------------|--------------------|-------------------|-------------------|
| | | As At 01.04.09 | Additions | As At 31.03.10 | Upto 31.03.09 | For the year | Upto 31.03.10 | As At 31.03.10 | As At 31.03.09 |
| 1 | Land | 271,143 | - | 271,143 | - | - | - | 271,143 | 271,143 |
| 2 | Buildings | 30,185,416 | - | 30,185,416 | 14,079,018 | 1,008,193 | 15,087,211 | 15,098,205 | 16,106,398 |
| 3 | Quarries | 5,486,693 | - | 5,486,693 | 5,486,692 | - | 5,486,692 | 1 | 1 |
| 4 | Plant and Machinery | 148,452,018 | - | 148,452,018 | 96,736,613 | 7,051,471 | 103,788,084 | 44,663,934 | 51,715,405 |
| 5 | Pump Sets | 443,946 | - | 443,946 | 317,504 | 21,087 | 338,591 | 105,355 | 126,442 |
| 6 | Office Equipment | 97,918 | - | 97,918 | 26,160 | 4,651 | 30,811 | 67,107 | 71,758 |
| 7 | Computers | 270,049 | - | 270,049 | 270,049 | - | 270,049 | 0 | 0 |
| 8 | Vehicles | 331,518 | - | 331,518 | 331,518 | - | 331,518 | 0 | 0 |
| 9 | Furniture and Fixtures | 189,621 | - | 189,621 | 189,621 | - | 189,621 | 0 | 0 |
| TOTAL | | 185,728,322 | - | 185,728,322 | 117,437,175 | 8,085,402 | 125,522,577 | 60,205,744 | 68,291,147 |
| Previous Year | | 185,728,322 | - | 185,728,322 | 109,351,773 | 8,085,402 | 117,437,175 | 68,291,147 | 76,376,549 |

RAVILEELA GRANITES LIMITED

| SCHEDULES FORMING PART OF THE BALANCE SHEET | | | |
|---|-------------|----------------------|----------------------|
| PARTICULARS | SCHEDULE No | AS AT 31-03-2010 Rs. | AS AT 31-03-2009 Rs. |
| CURRENT ASSETS, LOANS & ADVANCES | 5 | | |
| A. INVENTORIES | | | |
| (As Certified by management) | | | |
| a) Raw material | | 1,563,900 | 1,090,543, |
| b) Work-in-Progress | | 5,255,787 | 4,063,991 |
| c) Finished Goods | | 3,284,301 | 1,964,598 |
| d) Stores and spare parts | | 3,569,059 | 2,647,822 |
| | | <u>13,673,047</u> | <u>9,766,954</u> |
| B. SUNDRY DEBTORS | | | |
| (Unsecured ,considered good) | | | |
| Outstanding for more than six months | | 5,953,239 | 7,322,177 |
| Other debts | | 6,623,209 | 10,413,160 |
| | | <u>12,546,448</u> | <u>17,735,337</u> |
| C. CASH AND BANK BALANCES | | | |
| Cash on Hand | | 72,294 | 170,779 |
| Balances with Schedule Banks in current accounts | | 106,121 | 1,504,947 |
| | | <u>178,415</u> | <u>1,675,725</u> |
| D. OTHER CURRENT ASSETS | | | |
| Interest receivable | | 82,310 | 72,617 |
| | | <u>82,310</u> | <u>72,617</u> |
| E. LOANS & ADVANCES | | | |
| (unsecured, considered good, recoverable in cash or in kind or value to be received) | | | |
| Deposits | | 1,994,317 | 2,007,649 |
| TDS receivable | | 48,296 | 37,191 |
| Vat Receivable | | 1,755,868 | 7,177,295 |
| Advance for purchases | | 4,277,895 | 4,370,112 |
| Other advances | | 9,142 | 45,587 |
| | | <u>8,085,518</u> | <u>13,637,834</u> |
| TOTAL CURRENT ASSETS | | <u>34,565,738</u> | <u>42,888,466</u> |
| CURRENT LIABILITIES & Provisions: | 6 | | |
| A.Current Liabilities: | | | |
| Creditors for Purchases | | 7,817,942 | 14,805,440 |
| Creditors for expenses | | 8,546,605 | 11,135,281 |
| Advance against Sales | | 56,521,770 | 64,998,110 |
| | | <u>72,886,318</u> | <u>90,938,831</u> |
| B.Provisions: | | | |
| Provision for Gratuity | | 3,575,934 | 3,297,895 |
| Provision for Fringe Benefit Tax | | 175,915 | 175,915 |
| | | <u>3,751,849</u> | <u>3,473,810</u> |
| | | <u>76,638,167</u> | <u>94,412,641</u> |

RAVILEELA GRANITES LIMITED

| SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT | | | |
|---|-------------|----------------------|----------------------|
| PARTICULARS | SCHEDULE No | As At 31-03-2010 Rs. | As At 31-03-2009 Rs. |
| OTHER INCOME | 7 | | |
| Interest on ACD | | 91,456 | 91,457 |
| VAT Reimbursement | | 1,965,235 | 4,688,076 |
| Forex Fluctuations | | 209,165 | 42,741 |
| Write Back Parties | | 5,951,000 | 15,190 |
| Write Back Excess provided Bank Interest | | - | 44,155,740 |
| Interest received on Margin Deposit | | 19,586 | |
| Discount Received on import Consumbles | | 65,715 | |
| | | <u>8,302,157</u> | <u>48,993,203</u> |
| VARIATION OF STOCK OF FINISHED GOODS | 8 | | |
| Closing stock of Work-in-Progress | | 5,255,787 | 4,063,991 |
| Finished Goods | | 3,284,301 | 1,964,598 |
| | | <u>8,540,088</u> | <u>6,028,589</u> |
| Opening stock of Work-in-Progress | | 4,063,991 | 9,999,942 |
| Finished Goods | | 1,964,598 | 71,122 |
| | | <u>6,028,589</u> | <u>10,071,064</u> |
| INCREASE / (DECREASE) IN STOCKS | | <u>2,511,499</u> | <u>(4,042,475)</u> |
| MATERIALS CONSUMED | 9 | | |
| RAW MATERIAL | | | |
| Opening stock | | 1,090,543 | 187,774 |
| Add : Purchases | | 31,948,442 | 73,117,964 |
| | | 33,038,985 | 73,305,738 |
| Less : Closing stock | | 1,563,900 | 1,090,543 |
| RAW MATERIAL CONSUMED | | <u>31,475,085</u> | <u>72,215,195</u> |
| Packing Material Consumed | | 534,967 | 1,675,163 |
| | | <u>32,010,052</u> | <u>73,890,358</u> |
| PERSONNEL COST | 10 | | |
| Salaries, wages & bonus | | 12,828,860 | 12,810,153 |
| Contribution to Provident fund and other funds | | 1,118,325 | 1,088,925 |
| Staff welfare | | 181,114 | 235,284 |
| | | <u>14,128,299</u> | <u>14,134,362</u> |

RAVILEELA GRANITES LIMITED

| SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT | | | |
|--|--------------------|-----------------------------|-----------------------------|
| PARTICULARS | SCHEDULE No | AS AT 31-03-2010 Rs. | AS AT 31-03-2009 Rs. |
| MANUFACTURING EXPENSES | 11 | | |
| Consumable, stores & spares | | | |
| Opening stocks | | 2,647,822 | 2,561,472 |
| Purchases during the year | | 10,920,011 | 22,184,962 |
| | | 13,567,832 | 24,746,434 |
| Closing Stocks | | 3,569,059 | 2,647,822 |
| Consumables consumed | | 9,998,774 | 22,098,612 |
| Machinery Repairs & Maintenance | | 816,705 | 2,406,468 |
| Power & Fuel | | 3,885,385 | 7,342,247 |
| | | 14,700,863 | 31,847,327 |
| ADMINISTRATIVE AND SELLING EXP. | 12 | | |
| Rent | | 149,024 | 140,334 |
| Rates & Taxes | | 797,779 | 1,851,867 |
| Traveling Expenses & Conveyance | | 219,301 | 247,601 |
| Printing & Stationary | | 46,579 | 47,632 |
| Postage & Telephones | | 183,820 | 241,155 |
| Vehicle Maintenance | | 32,892 | 11,635 |
| Office Maintenance | | 45,493 | 90,752 |
| Security Services | | 286,560 | 330,440 |
| Filing Fee | | 290,615 | 11,000 |
| Auditors remuneration | | | |
| As auditors | | 66,180 | 67,416 |
| For tax matters | | 16,545 | 16,854 |
| For expenses | | 5,349 | 8,398 |
| Rebates and discounts | | 127,472 | 397,662 |
| Consultancy Charges | | 1,305,993 | 1,700,800 |
| Insurance | | 26,775 | 70,938 |
| Carriage outwards | | 443,194 | 3,544,454 |
| Bad debts written off | | 456,323 | 8,197,249 |
| Advance written off | | - | 156,541 |
| Misc. expenses | | 842,756 | 100,506 |
| | | 5,342,650 | 17,233,233 |
| FINANCIAL CHARGES | 13 | | |
| Interest on - SBI OD | | - | 434,699 |
| Bank charges | | 121,252 | 336,244 |
| | | 121,252 | 770,943 |

RAVILEELA GRANITES LIMITED
SCHEDULE 14 : NOTES FORMING PART OF THE ACCOUNTS
1. ACCOUNTING POLICIES & STANDARD :
a) Basis of Presentation :

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

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

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

Fixed assets are valued at Cost less accumulated depreciation.

c) Inventories :

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

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

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

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

f) Foreign Currency Transactions: Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction and exchange differences arising from foreign currency transactions are recognized in the Profit & Loss account, except those relating to acquisition of fixed assets which are adjusted to the carrying cost of such assets. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange of the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Non monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

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

h) Employee Benefits:

i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.

ii) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of amounts payable based on the estimates. Refer note no.4

i) Earnings per share: The basic and diluted earnings per share is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. Refer below note no : 5

j) Leasing: The Company has taken building on operating lease. The lease payments have been charged to Profit & loss account considering the lease arrangements are in the nature of operating lease as defined by AS 19. Details are given in note no. 6

k) Taxes on Income :

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

b. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Current taxes

RAVILEELA GRANITES LIMITED

are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are measured using tax rates that have been enacted or subsequently enacted by the balance sheet date. The measurement of deferred tax assets if necessary by a valuation allowance for any tax benefit for which it is more likely than not that some portion or all such benefits will not be realized. Details as per Note no.7.

1. Balance of Sundry Debtors and Sundry Creditors are subject to confirmation.
2. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized are charged off for the year are as under :

| | In Rs. Mar 31,2010 | In Rs. Mar 31,2009 |
|---|-----------------------|-----------------------|
| Employer's Contribution to Provident Fund | 7,39,970 | 710482 |
| Employer's Contribution to ESI | 3,78,355 | 378443 |

Defined Benefit Plan

The provision for gratuity has been made on an estimated basis with out considering actuarial assumptions and discounting factors. No contribution is being made to a Fund.

| | Gratuity (Unfunded) | |
|--|---------------------|---------|
| | 2009-10 | 2008-09 |
| a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation | | |
| Defined Benefit obligation at beginning of year | 32,97,895 | 3029750 |
| Current service cost | 278039 | 268145 |
| Defined Benefit obligation at end of the year | 3575934 | 3297895 |
| b. Reconciliation of opening and closing balances of fair value of plan assets. | | |
| Fair value of plan assets at the beginning of the year | -NA- | -NA- |
| c. Reconciliation of fair value of assets and obligations. | | |
| Fair value of plan assets | -NA- | -NA- |
| Present value of obligation | 3575934 | 3297895 |
| Amount recognized in the balance sheet | 3575934 | 3297895 |
| d. Expenses recognized during the year (under head personnel cost as per schedule 12) | | |
| Current service cost | 278039 | 268145 |
| e. Investment details | -NA- | -NA- |
| f. Actuarial assumptions | -NA- | -NA- |

Note: The Company has not provided the post employment benefits as per the norms prescribed in the Accounting Standard 15, but an estimated provision is made in the books of accounts. The effect on the profit cannot be ascertained since sufficient information is not available.

RAVILEELA GRANITES LIMITED

3. Earnings per share :

| | March 31,2010 Rs. in lacs | March 31,2009 Rs. in lacs |
|--|------------------------------|------------------------------|
| Profit computation for both Basic and Diluted earnings per share | | |
| Net Profit/(Loss) as per Profit & Loss A/c | (105.27) | 129.62 |
| Weighted average No. of Equity shares Outstanding | 10166900 | 10166900 |
| Basic and diluted earnings per share in Rupees of face value Rs.10/- | (1.04) | 1.27 |

4. Leasing :

- a. The details of future minimum lease payments for each of the following periods are as follows :

| | Amount |
|---|----------|
| 1. Not later than one year | 1,56,000 |
| 2. Later than one year and not later than 5 years | Nil |
| 3. Later than 5 years | Nil |
- b. The lease payments recognized in profit & loss account
- c. General description of lease terms.
 - i. Lease rentals are paid on basis of agreed terms.
 - ii. Buildings are taken on lease for a period of 36 Months.

| | (Rs. in lacs) | |
|------------------------------------|----------------|----------------|
| | As on 31.03.10 | As on 31.03.09 |
| 5. i) Components of deferred tax : | | |
| A. Deferred Tax Liability | | |
| Depreciation | 133.34 | 168.91 |
| B. Deferred Tax Asset | | |
| Expenditure disallowable | 19.62 | 20.00 |
| Unabsorbed Allowances | 738.36 | 822.41 |
| Total | 757.98 | 842.41 |
| Deferred Tax Asset (Net) | 624.54 | 673.50 |

6. Related party disclosures

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

- a. Names of related parties
 - i) Associate Companies
 - 1) Ravileela Dairy Products Ltd
 - ii) Key management personnel
 - 1) P Srinivasa Reddy, Director
 - 2) D Surendranath Reddy, Director
 - 3) M Mohan Reddy, Director
 - iii) Relatives of key managerial personnel
 - 1) P Ravindra Reddy
 - 2) P Samantha Reddy

RAVILEELA GRANITES LIMITED

b. Transaction with related parties during the financial year and outstanding balances as on 31.03.10.

| Nature of Transaction | Associated Company's | Enterprises in which key management Personnel have Significant influence | Key management persons Rs. in lacs | Relatives key management persons |
|---|----------------------|--|------------------------------------|----------------------------------|
| Loans repaid | - | - | 91.10 (260.35) | - |
| Loan Received | | | 161.08 (666.64) | (350.00) |
| Managerial remuneration - Outstanding Balance | - | - | 799.66 (729.69) | 573.67 (510.64) |

(Figures in brackets represent previous year transactions)

7. Loans & Advances and Debtors

Loans to Companies in which the Directors are interested Rs. Nil.

8. The company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act 2006. Hence disclosures if any relating to amounts unpaid as at the year end together with interest paid/payable as required under the said act have not been made.

| 9. Information pursuant to Paragraphs 3 and 4 of Part II Schedule VI to the Company's Act 1956. | | (Rs. in lacs) 2009-10 | (Rs. in lacs) 2008-09 |
|---|-----|--------------------------|--------------------------|
| a) Managerial Remuneration | | Nil | Nil |
| b) Installed Capacity | Sqm | 1,55,400 | 1,55,400 |
| c) Production intended for sale | | | |
| Tiles | | Nil | Nil |
| Slabs | Sft | 308007 | 529825 |
| d) Sales Quantity | | | |
| Finished Granite manufactured | Sft | | |
| Tiles | | Nil | Nil |
| Slabs | Sft | 297454 | 515491 |
| Value | Rs. | 586.32 | 1293.34 |
| e) Closing Stock of finished goods & WIP (As certified by the Management) | | | |
| i) Finished Granite | | | |
| Slabs quantity | Sft | 25264 | 14711 |
| Value | Rs. | 32.84 | 19.65 |
| ii) Semi-finished | | | |
| Quantity | Sft | 40429 | 32865 |
| Value | Rs. | 52.56 | 40.64 |
| f) Opening stocks of Finished goods & WIP | | | |
| i) Finished Granite | | | |
| Quantity | Sft | 14711 | 376 |
| Value | Rs. | 19.65 | 0.71 |
| ii) Semi-finished | | | |
| Quantity | Sft | 32865 | 67410 |
| Value | Rs. | 40.64 | 100.00 |

RAVILEELA GRANITES LIMITED

| | | | | |
|--|--------|---------|---------|----------|
| g) Materials consumed | | | | |
| Raw blocks | | | | |
| Quantity | Cbm | 820.951 | | 1992.656 |
| Value | Rs. | 315.22 | | 722.15 |
| h) Value of imports calculated on CIF basis (Rs. in lacs) | | | | |
| Raw blocks | | | | |
| Consumables | Rs. | 81.19 | | 137.80 |
| i) Expenditure in foreign currency during the financial year on account of Technical knowhow fee | Rs. | Nil | | Nil |
| j) Consumptions : | | | | |
| | Amount | % | Amount | % |
| Raw Material | Rs. | | Rs. | |
| - Indigenous | 314.75 | 100.00 | 722.15 | 100.00 |
| - imported | Nil | | Nil | |
| | 314.75 | 100.00 | 722.15 | 100 |
| Consumables, stores and spares | | | | |
| - Indigenous | 25.48 | 25.48 | 78.15 | 35 |
| - imported | 74.51 | 74.52 | 142.84 | 65 |
| | 99.99 | 100 | 220.99 | 100 |
| k) i) Exports FOB : | Rs. | 513.63 | 1201.38 | |
| l) Contingent Liability :- | | | | |

According to the information and explanations given to us, and according to records of the company examined by us, the Company has received a demand for an amount of Rs.14,26,938/- towards Interest and Rs.42,95,546/- towards damages payable on delayed payment of PF dues from the Regional Provident Fund authorities. The Company has paid an amount of Rs.10,77,173/- towards Interest and has filed an appeal with the Regional Provident Fund Commissioner disputing the balance amount of Interest and damages.

10. Figures of the previous year have been regrouped wherever considered necessary to conform to those of the current year.

SIGNATURES TO SCHEDULES 1 TO 14

As per our report of even date For and On behalf of the Board

for **S.V.RAO ASSOCIATES**
Firm Registration No: 003152S
Chartered Accountants

Sd/-
(S.V.RAO)
PARTNER
Membership No.23903

Sd/-
(M. MOHAN REDDY)
DIRECTOR

Sd/-
(P. SRINIVASA REDDY)
DIRECTOR

PLACE : HYDERABAD
DATE : 25.08.2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

Amount in Rs.Thousands

I REGISTRATION DETAILS

| | | | |
|--------------------|-------------------|------------|-----------|
| Registration No. | 01-11909 | State Code | 01 |
| Balance Sheet Date | 31-03-2010 | | |

II CAPITAL RAISED DURING THE YEAR

| | | | |
|-------------------------|--------------|-------------------|--------------|
| Public Issue | N I L | Rights Issue | N I L |
| Bonus Issue | N I L | Private placement | N I L |
| Share application money | N I L | | |

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

| | | | |
|-------------------|---------------|--------------|---------------|
| TOTAL LIABILITIES | 240500 | TOTAL ASSETS | 240500 |
|-------------------|---------------|--------------|---------------|

SOURCES OF FUNDS

| | |
|-------------------------|--------------|
| Paid up Capital | 101669 |
| Share application money | NIL |
| Reserves & Surplus | 1500 |
| Secured Loans | N I L |
| Unsecured Loans | 137,331 |

APPLICATION OF FUNDS

| | |
|---------------------------|----------|
| Net Fixed Assets | 60206 |
| Investments | NIL |
| Net Current Assets | (42072) |
| Deferred Tax Asset | 62454 |
| Miscellaneous Expenditure | 0 |
| Profit & loss a/c | (159913) |

IV PERFORMANCE OF COMPANY

| | | | |
|----------------------------|--------|---------------------------|---------|
| TOTAL TURNOVER | 68896 | TOTAL EXPENDITURE | 79423 |
| Profit / (loss) before tax | (5631) | Profit / (loss) after tax | (10527) |
| Earning per Share in Rs. | | | |
| – Basic | (1.04) | Dividend Rate | N A |
| – Diluted | NIL | | |

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

PRODUCT

| ITEM CODE NO | PRODUCT DESCRIPTION |
|--------------|---------------------|
| | POLISHED GRANITES |
| | SLABS |
| | MONUMENT MARKERS |

For and On Behalf of the Board

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

PLACE : HYDERABAD
DATE : 25.08.2010

RAVILEELA GRANITES LIMITED**CASH FLOW STATEMENT**

(Rs. in lakhs)

| PARTICULARS | 31-03-2010 | 31-03-2009 |
|--|----------------|---------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(loss) before tax and extraordinary items | (54.93) | 273.58 |
| Adjustments for : | | |
| Depreciation | 80.85 | 80.85 |
| Impairment of assets | - | - |
| Interest / Dividends | 1.21 | 7.71 |
| OPERATING PROFIT BEFORE W/C CHANGES | 27.14 | 362.14 |
| Adjustments for : | | |
| (Increase)/Decrease Trade and other Receivables | 107.32 | (8.62) |
| (Increase)/Decrease Inventories | (39.06) | 30.53 |
| (Decrease)/Increase Trade Payables | (177.74) | (171.81) |
| Cash generated from Operations | (82.35) | 212.25 |
| Interest Paid | (1.21) | (7.71) |
| Cash Flow Before extraordinary items | (83.57) | 204.54 |
| Extraordinary Items | (1.38) | (1.09) |
| CASH FLOW FROM OPERATING ACTIVITIES | (84.95) | 203.45 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Adjustment of Investment | - | - |
| NET CASH USED IN INVESTING ACTIVITIES | - | - |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of Share Capital | - | - |
| Proceeds from Long Term Borrowings | 69.98 | (190.28) |
| NET CASH USED IN FINANCING ACTIVITIES | 69.98 | (190.28) |
| NET INCREASE IN CASH AND CASH EQUIVALENT | (14.97) | 13.17 |
| Opening Balance | 16.76 | 3.59 |
| Closing Balance | 1.78 | 16.76 |

For and On Behalf of the Board

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

AUDITOR'S CERTIFICATE

We have verified the above Cash Flow Statement of M/s.RAVILEELA GRANITES LTD., derived from Audited Financial Statements for the year ended 31st March,2010 and found the same in accordance there with, and also with the requirement of clause 32 of the Listing agreement with Stock Exchanges.

For S V RAO ASSOCIATES
Chartered Accountants
Sd/-

PLACE : HYDERABAD
DATE : 25.08.2010

S V RAO
PARTNER
Membership no.23903

RAVILEELA GRANITES LIMITED**RAVILEELA GRANITES LIMITED**

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

ATTENDANCE SLIP

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

I hereby record my presence at the 20th Annual General Meeting held at Survey No.203, Sampannabolu Village, Shameerpet Mandal, R.R.District. (A.P) on Thursday, 30th September, 2010, at 11.00 A.M.

SIGNATURE OF THE SHAREHOLDER/PROXY

*Strike out whichever is not applicable

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

**RAVILEELA GRANITES LIMITED**

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

PROXY FORM

I/We _____ of _____ in the district of _____ being a Member(s) of the above named Company hereby appoint* _____ of _____ or failing him/her _____ of _____ in the district of _____ of my/our proxy to attend and vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company to be held on Thursday, 30th September, 2010, at 11.00 A.M. at Sy. No. 203, Sampannabolu Village, Shameerpet Mandal, R.R. District, and at any adjournment thereof.

Signed at _____ this _____ day of _____ 2010.

Folio No.

Signature

Affix
1/-
Revenue
stamp

Number of Shares held:

Notes: The proxy form duly signed completed must be signed deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy need not be a member