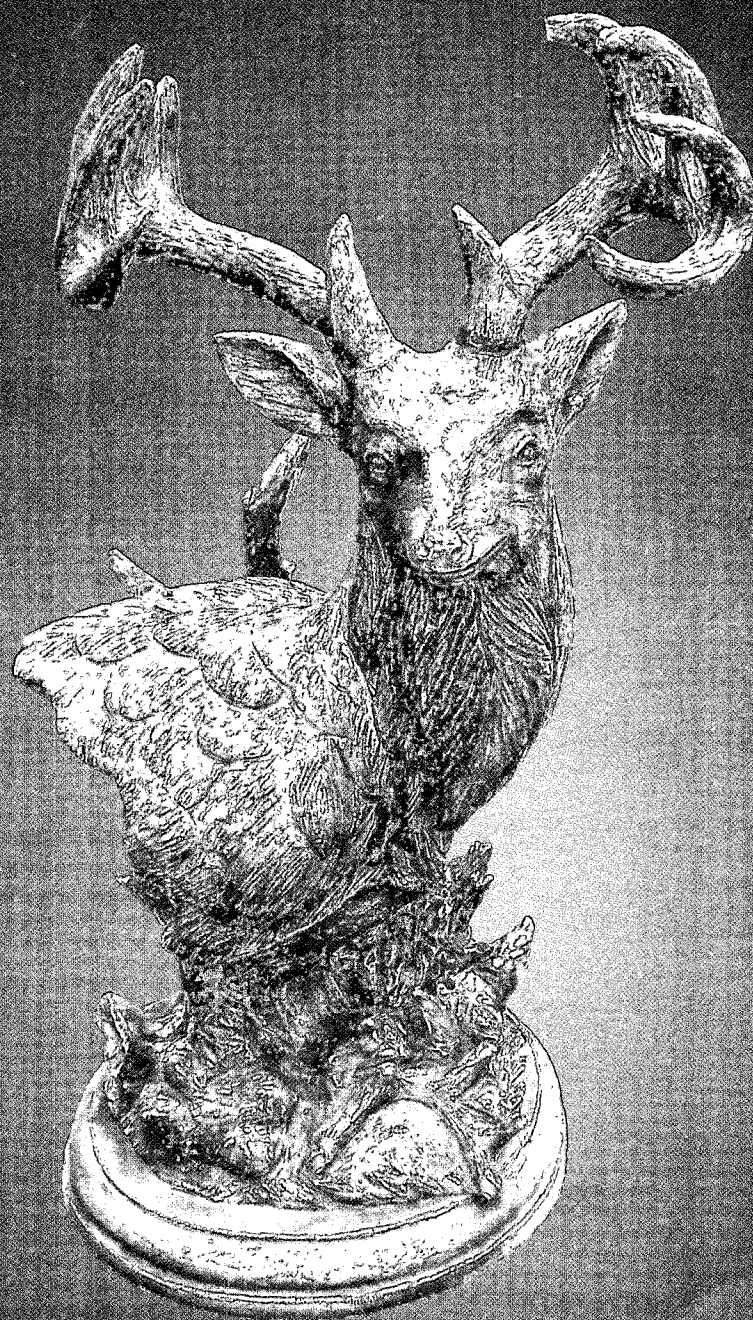


ANNUAL REPORT 2006-07



Milestone Global Limited

BOARD OF DIRECTORS

Mr. Alok Krishna Agarwal
Mr. Sunil Kumar Agarwal
Mr. R. Dwarakanath
Mr. Fiaz Ahmed
Mr. Rajeev Kapoor
Mr. A. Prakash

Chairman
Managing Director
Whole time Director and Vice-Chairman
Whole time Director
Director
Director

COMPANY SECRETARY

Ms. MAUREEN W.A.L.

AUDITORS

P. L. TANDON & CO.,

REGISTERED OFFICE & WORKS

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

R&T AGENT

Kirloskar Computer Services Ltd
412 & 415, 10th cross, 5th main
RMV 2nd stage,
Bangalore – 560 094.

BANKERS

State Bank of India,
Overseas Branch,
No.65, St. marks Road,
Almas Centre, M.G.Road
Bangalore – 560 001.

Allahabad Bank
K.G.Road Branch,
No.2, K.G. Road
Bangalore – 560 009.

BOARD COMMITTEES

Audit Committee.

1. Mr. Alok Krishna Agarwal
2. Mr. Rajeev Kapoor
3. Mr. R. Dwarakanath

Member
Chairman
Member

Remuneration Committee

1. Mr. Alok Krishna Agarwal
2. Mr. A. Prakash
3. Mr. Rajeev Kapoor

Member
Chairman
Member

**Share Transfer /
Investors Grievance Committee.**

1. Mr. Alok Krishna Agarwal
2. Mr. Sunil Kumar Agarwal
3. Mr. Rajeev K. Garg

Chairman
Member
Member

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NOTICE OF 17th ANNUAL GENERAL MEETING

Notice is hereby given that the 17th ANNUAL GENERAL MEETING of members of the company will be held on Friday, 28th September 2007 at 10.00 A.M. at the Registered Office of the Company at 54-B, Hoskote Industrial Area (KIADB), Chintamani Road, Hoskote – 562 114, Karnataka, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2007 and the Balance Sheet as on that date and to consider the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Alok Krishna Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint an Auditor and fix his remuneration. M/s. P L Tandon & Co., retire at the ensuing AGM and being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

4. Appointment of Director

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

“RESOLVED that Mr. Rajeev Kapoor, who was appointed as an additional Director by the Board of Directors under the provisions of section 260 of the Companies Act, 1956 and Article 110 of the Articles of Association of the Company and who holds office only upto the date of this Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Rajeev Kapoor as a candidate for the office of Director of the company be and he is hereby appointed as a Director of the company liable to retire by rotation.

5. Appointment of Director

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

“RESOLVED that Mr. Naveen Chawla, who was appointed as an additional Director by the Board of Directors under the provisions of section 260 of the Companies Act, 1956 and Article 110 of the Articles of Association of the Company and who holds office only upto the date of this Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Naveen Chawla as a candidate for the office of Director of the company be and he is hereby appointed as a Director of the company liable to retire by rotation.

6. Appointment of Director

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

“RESOLVED that Mr. Shashank Kumar who was appointed as an additional Director by the Board of Directors under the provisions of section 260 of the Companies Act, 1956 and Article 110 of the Articles of Association of the Company and who holds office only upto the date of this Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Shashank Kumar as a candidate for the office of Director of the company be and he is hereby appointed as a Director of the company liable to retire by rotation.

7. Approval of variation in the remuneration to Chief Executive Officer

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution

“RESOLVED THAT pursuant to section 314 (1B) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the Company hereby does approve the

variation in the terms and conditions of the existing agreement for appointment of Mrs. Alka Agarwal, Chief Executive Officer, in respect of remuneration with effect from 1st April, 2007 for a period of 5 years in the following manner.

- I Basic Salary : Rs. 100000/- (Rupees One Lakh Per month)
- II Perquisites and Allowances: In addition to the above Basic Salary she shall be entitled to the following Perquisites and Allowances not exceeding a sum of Rs 1,00,000/- per month inclusive of :
- 1) Residential Accommodation : The appointee shall be entitled to House Rent Allowance of rupees Rs.40,000/-
 - 2) In addition to the above the actual expenditure incurred on gas, electricity, water and furnishings shall be paid by the Company.
 - 3) Medical Reimbursement: Reimbursement of actual Medical expenses Incurred by the appointee and his family.
 - 4) Club Fees: Actual fees of clubs will be reimbursed.
 - 5) Personal Accident Insurance: Actual premium to be paid by the Company.
 - 6) Insurance of House-hold Goods: Actual Premium to be paid by the Company.
 - 7) Car: Facility of Car with driver to be used for the business of the Company.
 - 8) Telephone: Free Telephone facility at residence to be used for the business of the Company.
 - 9) Leave: One month's leave with full salary for every 11 months of service subject to the condition that leave accumulated but not availed may be encashed at the discretion of the Board
 - 10) Re-imbursement of expenses: Reimbursement of entertainment, traveling, hotel and other expenses actually incurred for the business of the Company.
- III Leave Travel Concession : For the appointee and her family once in a year.
- IV Children's Education allowance : An allowance limited to a maximum of Rs. 5000/- per month per child or actual expenses incurred whichever is less is admissible. Such allowance shall be admissible up to a maximum of two children
- Provided further that following Perquisites which are also allowed to her shall not be included in the computation of her ceiling.
- 1) Contribution to provident fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; and
 - 2) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.

“RESOLVED FURTHER THAT remuneration payable to the CEO will be subject to modification(s) as the central govt. may suggest or require, which the directors are hereby authorised to accept on behalf of the company and which may be acceptable to the CEO and are not less favourable to the company”

8. Appointment of Whole Time Director

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

“RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, the company hereby accords its approval to the appointment of Mr. Fiaz Ahmed as Whole time Director of the company for a period of five years from 3rd March 2007 to 2nd March 2012 on a monthly remuneration of Rs.12500/- on the recommendations of the Remuneration Committee.”

FURTHER RESOLVED THAT the remuneration fixed may be revised at an appropriate time as decided by the Board with the approval of the members at any time during his tenure.

RESOLVED FURTHER THAT Mr.Fiaz Ahmed shall be designated as "Occupier" and be charged with the management of the entire affairs of the factory. He shall be responsible for compliance of all statutory requirements under Factories Act, Employees State Insurance Act, Employees Provident Fund & Miscellaneous Provisions Act, Karnataka State Pollution Control Board, Karnataka VAT Act, Central Sales Tax Act, Karnataka tax on Profession, Trades, Callings and Employment Act, and Allied Industrial and Labour Laws and is authorized to sign all returns, forms, letters, documents, or provide any information as may be required to the respective departments under the relevant Acts.

BY ORDER OF THE BOARD
MAUREEN W.A.L.
COMPANY SECRETARY

Place: Hoskote
Date: 18.08.07

NOTES:

1. MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Members are requested to inform the Company's Registrar and Share Transfer Agents viz., Kirloskar Computer Services Limited, the changes, if any, in their registered addresses.
4. Members are requested to bring their copies of Annual Report with them to the Annual General Meeting.
5. The Register of Members and Transfer books of the company will be closed from 25th September to 28th September 2007 (both days inclusive)
6. Re-appointment of Directors:
 - a. Mr. Alok Krishna Agarwal, aged 41 years who possess Bachelor Degree in Law is an advocate of Supreme Court of India. He is the Chairman of the company and is a director on the board of various other companies. His qualification and experience are of much benefit to the company.

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

Item No. 4

A notice under section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose the name of Mr. Rajeev Kapoor for appointment as a Director of the Company. A brief profile of Mr. Rajeev Kapoor is given below.

Mr. Rajeev Kapoor is a Chartered Accountant by profession. He is a fellow member of the Institute of Chartered Accountants of India and has more than 9 years of rich experience as a Chartered Accountant in Finance operations covering Finance Planning & Analysis, corporate restructuring, Mergers & amalgamation and Taxation. His vast experience in the finance line would be of great help in framing the company's financial strategies. Your Directors therefore feel confident that his induction in the Board as a Director will benefit your company.

None of the directors except Mr. Rajeev Kapoor is concerned or interested in the resolution. The Board recommends the resolution as set out under item.No. 4 of the notice for your approval.

Item No. 5

A notice under section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose the name of Mr. Naveen Chawla for appointment as a Director of the Company. A brief profile of Mr. Naveen Chawla is given below.

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

None of the directors except Mr. Naveen Chawla is concerned or interested in the resolution. The Board recommends the resolution as set out under item No. 5 of the notice for your approval.

Item No. 6

A notice under section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose the name of Mr. Shashank Kumar for appointment as a Director of the Company. A brief profile of Mr. Shashank Kumar is given below.

Mr. Shashank Kumar aged 33 years is a lawyer by Profession and is currently an advocate of the Supreme Court of India. He has got vast experience in the legal field and therefore your directors feel that his induction in the Board as a Director will benefit your company.

None of the directors except Mr. Shashank Kumar is concerned or interested in the resolution. The Board recommends the resolution as set out under item No. 3 of the notice for your approval.

Item No.7

Mrs. Alka Agarwal was appointed as the CEO of the company on 28th June 2003 and is the spouse of Mr. Sunil Kumar Agarwal, Managing Director of the company. She is a bachelor of law and was serving the company without remuneration in the capacity of Vice-President (Overseas) for a period of six years before being elevated to the position of CEO. Right from the day she has been in the organization, her sincere and dedicated efforts made the company pull through the difficult circumstances and placed the company at par with global standards. The Board is confident that her continuous efforts would make the company soar to greater heights in the coming years. The Board is of the opinion that she is not properly remunerated keeping in view the contributions made by her in the recent past. Since the variation in the payment of remuneration as set out in the resolution requires the approval of the members and the Central Government in accordance with section 314 (1B), the directors therefore placed the same before you for your approval while applying at the same time to the Central Government for approval.

Item No.8

Mr. Fiaz Ahmed aged 57 yrs. is employee of the company since its inception and has an experience of more than 20 yrs. in the granite industry. Therefore your directors feel that his induction in the company as a director is of much benefit to the company. His remuneration is within the ceiling of schedule XIII of the companies Act and therefore does not require the approval of the Central Govt., but his appointment as a whole time director requires the approval of the shareholders and therefore the same is placed before the members for their approval.

Place: Hoskote
Date: 18.08.07

BY ORDER OF THE BOARD
MAUREEN W.A.L.
COMPANY SECRETARY

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors take great pleasure in presenting their report along with audited accounts for the year ended 31st March 2007.

1. FINANCIAL RESULTS

The Company's financial results for the year ended the 31st March 2007 vis-à-vis the previous year ending 31st March 2006 are as follows:

	Year ended 31.03.2007 (Rs. In Lakhs)	Year ended 31.03.2006 (Rs. In Lakhs)
1 Sales Turnover	1128.96	1240.77
2 Profit before depreciation and tax	81.65	119.48
3 Depreciation	80.58	89.22
4 Profit (loss) before Tax and other income	1.07	30.26
5 Provision for Taxation		
a) Current tax	4.80	14.42
b) Deferred Tax	1.11	-8.87
c) Fringe Benefit Tax	1.90	2.77
6 Net Profit	-6.73	21.94
7 Basic and diluted EPS Rs.	-0.13	0.60

2. REVIEW OF PERFORMANCE

Your Company has maintained the same growth this year as well. Total turnover during the year under a review, was Rs. 1128.96 lakhs as against Rs. 1240.77 Lakhs previous year. The entire turnover was achieved from exports since your company is a 100% export oriented unit. EPS declined from Rs.0.60 to Rs.(0.13) in this year. Your directors are confident of higher growth in the coming years.

3. DIVIDEND

During the year your company has made an additional investment of Rs.28.36 lakhs in "Milestone Global (UK) Limited" a foreign subsidiary company of your company, which would enhance the long-term values for the shareholders in future besides an additional investment of Rs.66 lakhs in fixed assets of the company.

Export proceeds have come down drastically on account of stronger rupee and the cost of inputs have gone up too high in the previous year. Majority of the orders in the previous year was from the US and the company could barely manage on account of weak realizations. The company has shifted its market from the US to the UK to minimize the effect of the downward trend of the dollar on the earnings of the company. Therefore, this year too the company is not in a position to declare any dividend.

5. FIXED DEPOSITS

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

6. DIRECTORS

Mr. Sandeep Gupta, Mr. Anoop Kumar Bose, Mr. Deepak Agarwal, Mr. Rajeev Garg Directors stepped down from the Board on various dates as mentioned in the Corporate Governance Report. The Board wishes to record its appreciation of the services of the abovementioned directors.

During the year Mr. Alok Krishna Agarwal director retires by rotation and are eligible for re-appointment. Your directors recommend the above re-appointment.

During the year, Mr. Rajeev Kapoor, Mr. Naveen Chawla and Mr. Shashank Kumar have been co-opted as additional directors on the Board and hold office upto the date of this Annual General Meeting. Your directors recommend the above re-appointment of Directors as it is in the best interests of the company.

The company has received notices from members proposing the names of Mr. Rajeev Kapoor, Mr. Naveen Chawla and Mr. Shashank Kumar as directors of the company. The company has obtained their consent in writing to act as directors if appointed. The resolution to appoint the abovementioned directors is placed before the members for their approval.

7. PARTICULARS REGARDING SUBSIDIARY COMPANY

During the year under review, the subsidiary has achieved a turnover of 214182 GBP as compared to GBP 22390 in the previous year. The management is of the view that the subsidiary is likely to achieve a very high turnover in the next year and would extend slowly to the other parts of the European Union within a short span. Detailed financial results are presented elsewhere in this Annual Report.

8. CORPORATE GOVERNANCE

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

9. AUDITOR

M/s. P L Tandon & Co., Chartered Accountants, statutory auditors of the company retire at this Annual General Meeting and are eligible for re-appointment. Your directors propose the re-appointment of M/s. P L Tandon and Co., for the year 2006-07 in the best interests of the company. The company has obtained a certificate from the statutory auditors that the appointment if made, will be in accordance with the limits prescribed under section 224 (1-B) of the Companies Act, 1956.

10. DISCLOSURES

As required under section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, the relevant information relating to conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Out Goes are furnished in Annexure to this Report.

11. PARTICULARS OF EMPLOYEES

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

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

1. that in the preparation of Annual Accounts, for the financial year ending 31.3.2007, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as at March 31, 2007 and of profit and loss account for the year ended March 31, 2007.
3. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. that the directors had prepared the annual accounts on going concern basis.

13. EMPLOYEES RELATIONS

The year under review had cordial and constructive employees relations and there was commendable co-operation between management and the employees.

14. ACKNOWLEDGMENTS

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

For and on Behalf of the Board of Directors

Place : Hoskote
Date : 28th June 2007

Alok Krishna Agarwal
Chairman

ANNEXURE TO DIRECTORS' REPORT

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

A. POWER & FUEL CONSUMPTION

As part of the company's policy of the continuous improvement, various energy conservation measures have been pursued during 2006-07. There is close monitoring of various processes as well as energy consumptions at the plant. A computerized control panel that maintains the power generation at optimum level giving higher fuel savings controls the power plant. The other measures taken to reduce the energy consumption are:

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

	2006-07 (Rs.in Lacs)	2005-06 (Rs. in lacs)
1. Electricity		
a. Units from (KPTCL)	8,26,600	8,04,256
Total Amount (KPTCL)	37,73,454	37,40,068
Average rate Unit	4.56	4.65
b. Own Generation		
Through Diesel Generator (in unit)	60,000	44,088
Units per liter of diesel Oil	3	2.5
Average Rate/Unit	Rs.15.08	Rs.14.58
c. Total	9,04,995	8,48,344

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

EARNINGS IN FOREIGN EXCHANGE

a) Export of Goods Calculated on FOB Value	1018.46	1099.21
b) Technical Service fee	-	-
c) Interest & Dividend	-	-
d) Others (Commission)	-	-

OUTGO IN FOREIGN EXCHANGE	31-03-2007 (In Lakhs)	31-03-2006 (In Lakhs)
---------------------------	--------------------------	--------------------------

a. Raw Material	62.62	31.17
b. Components, Stores & Spare Parts and packing Material.	11.43	43.14
c. Capital Goods	9.26	5.08
d. Others	-	-

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

a. Know-how/Technical Service Fee	-	-
b. Others	21.73	13.49

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

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

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

Opportunities and threats

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

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

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

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

Outlook

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

On account of slowdown in the US and decline in the dollar rate, we have shifted the market from the US to the European Union through our subsidiary in the United Kingdom. The newly floated subsidiary has picked up gradually and has made a turnover of 2,00,000 gbp in the second year of its operations.

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

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

Performance Highlights

The company maintained the same turnover as in the previous year. The PAT has declined from 30.26 lakhs to 1.07 lakhs This was as already explained on account on decline in dollar rate, rising costs and fall in international sale prices.

Milestone Global (UK) Ltd was awarded the winner for the best stall at the NAMM convention held in June 2007 in the UK. The company has clocked a turnover of 214182 gbp in the second year of its operations.

Risk and Concensrs

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

Internal Control Systems and adequacy

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

The Audit Committee of the Company meets periodically to review and recommend quarterly, half yearly and annual financial statements of the Company. The Audit Committee reviews the important findings of the Auditors during their audits, periodically. The Committee also holds discussions with the statutory auditors and the management on the matters relating to internal controls, auditing and financial reporting. The Committee also reviews with the statutory auditors, the scope and results of the audits.

Human Resources

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

Your Company believes that employees are the key to achieve goals and are the primary source of competitive advantage. Your Company believes that training is the important tool to enhance the capabilities of people and performance of the organization. Therefore on and off the job training programs are organized through internal and external resources. To achieve high levels in customer satisfaction, your Company has been consistently investing in training and developing the employees to surpass the expectations of the customers. Further, the Company has stable and experienced middle and senior level management team.

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

Cautionary Statement

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

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

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

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

1. COMPANY'S PHILOSOPHY

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

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

2. BOARD OF DIRECTORS

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

Composition of the Board of Directors as on March 31, 2007

Name of Director	Category	Designation	No. of Meeting Attended	Attendance of each Director in the last AGM
Mr. Sunil Kumar Agarwal	Promoter Executive Director	Managing Director	10	Yes
Alok Krishna Agarwal	Independent, Non-Executive Chairman	Director	10	Yes
Mr. R. Dwarakanath	Executive Director	Director and Vice chairman	9	Yes
Mr. Rajeev Kapoor	Independent Non-Executive	Director	2	No
Mr. Fiaz Ahmed	Executive Director	Whole Time Director	1	No
Mr. Syed Yasin	Promoter - Executive Director	Director-Commercial	4	Yes
Mr. Sandeep Gupta	Independent, Non-Executive	Director	3	No
Mr. Anoop Kumar Bose	Independent, Non-Executive Director	Director	2	No
Mr. A. Prakash	Independent, Non-Executive	Director	4	No
Mr. Deepak Agarwal	Non-Executive	Director	1	No
Mr. Rajeev K Garg	Independent, Non-Executive	Director	4	No

During the financial year from 1st April 2006 to 31st March 2007, the Board of Directors met ten times on the following dates: 18th May 2006, 24th June 2006, 28th July 2006, 7th August 2006, 7th October 2006, 21st November 2006, 23rd January 2007, 30th January 2007, 22nd February 2007, 03rd March 2007.

The following directors were appointed during the year.

1. Mr. Rajeev K Garg was appointed as additional director on 28th July 2006. His appointment was approved by the members at the AGM on 2nd September 2006.
2. Mr. Deepak Agarwal was appointed as additional director on 21st November 2006.

3. Mr.A.Prakash was appointed as additional director on 23rd January 2007
4. Mr.Rajeev Kapoor was appointed as additional director on 22nd February 2007.
5. Mr.Fiaz Ahmed was appointed as Whole time director on 03rd March 2007.

The following have resigned from the Board

1. Mr.Anoop Kumar Bose resigned w.e.f. 2nd August 2006.
2. Mr. Sandeep Gupta resigned w.e.f 2nd September 2006.
3. Mr.Syed Yasin resigned w.e.f. 30.09.2006.
4. Mr.Deepak Agarwal resigned w.e.f 30th November 2006
5. Mr.Rajeev K Garg resigned w.e.f. 10th February 2007.

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

3. AUDIT COMMITTEE

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

The audit committee presently consists of two thirds of independent directors and one executive director. Mr. Rajeev Kapoor heading the committee. The committee met 5 times during the year and the attendance of the members at the meeting of the committee is given below :

Name of the member	Status	No. of meetings attended.
Mr. Rajeev Kapoor	Chairman	1
Mr. Alok Krishna Agarwal	Member	5
Mr. Dwarakanath	Member	2

Mr. Anoop Kumar Bose resigned from the Board w.e.f. 2nd August 2006

Mr. Sandeep Gupta resigned from the Board w.e.f. 2nd September 2006

Mr.Rajeev K Garg resigned from the Board w.e.f. 10th February 2007

4. SHARE HOLDERS' GRIEVANCE COMMITTEE

TERMS OF REFERENCE

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

COMPOSITION

The Committee presently comprises of 1 Independent Non-Executive Director, Managing Director and 1 Executive Director. Company Secretary is the Compliance officer of the Company. The Committee met 10 times during the year and the attendance of members at the meeting of the committee was as follows:

Name of the member	Status	No. of meetings attended.
Mr. R. Dwarakanath	Member	9
Mr. Alok Krishna Agarwal	Chairman	4
Mr. Sunil Kumar Agarwal	Member	4
Mr.Rajeev K Garg	Member	6

Mr.Rajeev K Garg resigned from the Committee w.e.f. 10th February 2007

During the year under review, the Company had received 5 request letters/ complaints from the investors and all the 5 request letters/ complaints were attended /resolved. No securities were pending for transfer as on April 1, 2007

Maureen W.A.L , Company Secretary is the Compliance Officer .

5. REMUNERATION COMMITTEE:**TERMS OF REFERENCE**

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

i) COMPOSITION

The committee presently consists of the following three independent non-executive directors. The Committee met once during the year. The members of the committee are as follows:

Name of the Member	Status
Mr. A Prakash	Chairman
Mr. Alok Krishna Agarwal	Member
Mr. Rajeev Kapoor	Member

DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR 2006-07:**(i) Executive Directors**

Name of Director	Remuneration Rs.	Sitting Fee
Mr. Sunil Kumar Agarwal	14.40 lakhs	NIL
Mr. R. Dwarakanath	2.98 lakhs	NIL
Mr. Syed Yasin	2.40 lakhs	NIL

(ii) Non Executive Directors

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

The Non-Executive Directors of the company do not hold any equity shares in the company

1. GENERAL BODY MEETINGS

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

Financial Year	Location	Date	Time
2003-2004	Registered Office	30-09-2004	10.30 am
2004-2005	Registered Office	17-09-2005	11.00 am
2005-2006	Registered Office	02-09-2006	11.00 am

No special resolution was put through postal ballot in the last AGM and there is no such proposal for this year as there is no such business, which statutorily requires voting through postal ballot in the ensuing AGM. During the year 2006-07, no extra ordinary general meetings were held.

7. DISCLOSURES:

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

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

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

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

8. MEANS OF COMMUNICATION:

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

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

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

9. GENERAL SHAREHOLDER INFORMATION:

- a. The Annual General Meeting of the Company will be held on Friday 28th September 2007, at 10.00AM at the registered office of the company at Plot No. 54B, Hoskote Industrial Area (KIADB), Chintamani Road, Hoskote-562114, Karnataka, Phone : 080-27971334; Fax:080-27971537.

b. **Registered Office:**

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

c. **Postal Ballot:**

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

d. **Tentative Financial Calendar**

17 th Annual General Meeting	September 07
First Quarter Results	July 2007
Second quarter or Half Yearly Results	By End October 2007
Third Quarter Results	By End January 2007
Audited Annual Results (2007-2008)	June 2008

e. **Listing On Stock Exchange :-**

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

Sl. No.	Name of the Stock Exchange	Stock Code
1.	The Stock Exchange Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400 001	531338

Application made to The Calcutta Stock Exchange Association Ltd for de-listing of the equity shares of the company was approved and the shares have been delisted from Calcutta Stock Exchange Association Ltd on 13th December 2006.

f. **Date of Book closure**

The Register of Members and Transfer books of the company will be closed from 25th September to 28th September 2007 (both days inclusive)

- g. The Company has paid Annual Listing Fees for the year 2006-2007 to The Stock Exchange, Mumbai where the equity shares of the company are listed.

h. **Stock Market Data**

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

i. **Registrar and Transfer Agent & Share Transfer System**

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

Kirloskar Computer Services Ltd
412/415, 10th Cross, 5th Main, RMV 2nd Stage, Dollars Colony, Bangalore – 560 094.
Ph: 080-23519632, 9384 , Fax No. 080-2351 9294, Email: rameshmanuel@kcsil.com

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

j. As on 31st March 2007 the distribution of Company's shareholding was as follows:

Distribution of Shareholdings as on 31.03.2007 is given below.

Shareholdings of Nominal Value	No. of Shareholders	% to total Shareholders	No. of Shares held	% to total Shares
Upto 5000	411850	94.29	578	8.21
5001 to 10000	65450	1.47	9	1.30
10001 to 20000	63000	0.65	4	1.26
20001 to 30000	85700	0.49	3	1.71
30001 to 40000	200000	0.82	5	3.99
40001 to 50000	0	0	0	0
50001 to 100000	435000	0.98	6	8.67
100001 & above	3756500	1.31	8	74.87
GRAND TOTAL	5017500	100	613	100

k. Dematerialization of Shares:

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

l. Plant Location : 54-B, Hoskote Industrial Area, Chintamani Road, Hoskote- 562 114, Karnataka.

m. Address for Correspondence: Company Secretary, Milestone Global Limited. 54-B, Hoskote Industrial Area, Chintamani Road, Hoskote- 562 114, Karnataka, Ph : 080 – 27971334 / 1345

n. Other useful information to the shareholders

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

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

To
The Members of Milestone Global Limited

We have examined the compliance of the conditions of the Corporate Governance by Milestone Global Limited ("the company") for the year ended 31st March 2007 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and best of the our information and according to the explanation given to us and the representation made by the directors and the management we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned listing agreement.

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

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

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

Place: Kanpur
Date : 28.06.2007

(P.P.SINGH)
Partner
Mem No.72754

CERTIFICATE BY CEO/CFO

Pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby certified that for the financial year ended 31st March 2007:

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

Place: Hoskote
Date : 28.06.2007

Alka Agarwal
CEO

AUDITOR'S REPORT

TO THE MEMBERS OF MILESTONE GLOBAL LIMITED

1. We have audited the attached Balance Sheet of Milestone Global Limited, as at 31st March, 2007, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :-
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
 - (b) in the case of the Profit & Loss Account of the Loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

Place: Kanpur
Date : 28.06.2007

(P.P.SINGH)
Partner
Mem No.72754

ANNEXURE TO THE AUDITORS' REPORT

Re: MILESTONE GLOBAL LIMITED

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

- (i) In respect of its Fixed Assets :
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the year.
- (ii) In respect of its Inventories :
 - (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on verification between physical stocks and the book records were not material.
- (iii) The Company has not granted or taken any loans, secured or unsecured, from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Therefore, the provisions of Clause 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 :
 - (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.Five.Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956. Accordingly, the provisions of Clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

- (viii) The Central Government has not prescribed the maintenance of cost records by the Company under section 209(1)(d) of the Companies Act, 1956 for any of its products.
- (ix) According to the information and explanations given to us, in respect of statutory and other dues:
- (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears as at 31st March, 2007 for a period more than six months from the date they became payable.
- (c) According to the records of the company, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute, are as follows:-

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

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

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

(P.P.SINGH)

Partner

Mem No.72754

Place: Kanpur
Date : 28.06.2007

MILESTONE GLOBAL LIMITED**BALANCE SHEET AS AT 31ST MARCH 2007***Amount in Rs.*

	SCH	AS AT 31-03-2007	AS AT 31-03-2006
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS:-			
Share Capital	'1'	50,175,000.00	50,175,000.00
Reserves and Surplus	'2'	35,303,637.80	35,977,362.00
		<u>85,478,637.80</u>	<u>86,152,362.00</u>
LOAN FUNDS			
Secured Loans	'3'	51,956,717.46	49,541,870.85
Deferred Tax liability (Net)		2,886,110.19	2,774,968.19
TOTAL		<u>140,321,465.45</u>	<u>138,469,201.04</u>
APPLICATION OF FUNDS			
FIXED ASSETS:			
Gross Block	'4'	129,920,654.19	123,968,073.61
Less: Depreciation		<u>73,737,570.64</u>	<u>65,937,811.24</u>
Net Block		56,183,083.55	58,030,262.37
Capital Work in Process		5,079,299.00	294,992.00
		<u>61,262,382.55</u>	<u>58,325,254.37</u>
INVESTMENT		7,147,980.00	4,311,636.00
(Investment in Wholly owned Subsidiary)			
CURRENT ASSETS, LOANS & ADVANCES			
	'5'		
Inventories		40,629,690.00	34,329,600.00
Sundry Debtors		34,563,979.15	43,864,322.15
Cash and Bank balances		1,486,717.53	1,491,745.48
Loans and Advances		4,535,856.60	5,525,027.48
		<u>81,216,243.28</u>	<u>85,210,695.11</u>
Less:			
CURRENT LIABILITIES AND PROVISIONS	'6'		
Current Liabilities		8,847,274.38	8,322,303.44
Provisions		<u>457,866.00</u>	<u>1,056,081.00</u>
NET CURRENT ASSETS		<u>71,911,102.90</u>	<u>75,832,310.67</u>
TOTAL		<u>140,321,465.45</u>	<u>138,469,201.04</u>
NOTES TO ACCOUNTS			
	'11'		

The Schedules referred to herein form an integral part of the Balance Sheet

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

P P Singh
 Partner

(**SUNIL KUMAR AGARWAL**)
 Managing Director

For and on Behalf of the Board of Directors

(**FIAZ AHMED**)
 Director

Place : Hoskote
 Date : 28.06.2007

(**MAUREEN. W.A.L.**)
 Company Secretary

MILESTONE GLOBAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

Amount in Rs.

	SCH	2006 - 2007	2005 - 2006
INCOME			
Sales		112,896,333.00	124,077,389.00
Increase / (Decrease) in stock	7	(656,000.00)	1,323,000.00
Other Income	8	133,013.00	214,401.90
TOTAL		112,373,346.00	125,614,790.90
EXPENDITURE			
Material Consumption	9	42,711,282.00	53,302,066.24
Manufacturing & Other expenses	10	57,509,999.42	55,973,571.94
Interest		3,986,397.38	4,390,720.12
Depreciation		8,058,249.40	8,922,117.25
TOTAL		112,265,928.20	122,588,475.55
PROFIT BEFORE TAX		107,417.80	3,026,315.35
PROVISION FOR TAXATION:			
CURRENT TAX		480,000.00	1,442,312.00
DEFERRED TAX		111,142.00	(887,160.40)
FRINGE BENEFIT TAX		190,000.00	277,374.00
PROFIT / (LOSS) AFTER TAX		(673,724.20)	2,193,789.75
Balance brought forward from previous year		19,549,292.00	17,355,502.25
BALANCE CARRIED TO BALANCE SHEET	TOTAL	18,875,567.80	19,549,292.00
EARNING PER SHARE		(0.13)	0.60
NOTES TO ACCOUNTS	11		

The Schedules referred to herein form an integral part of the Balance Sheet

As per our report of even date attached

For and on Behalf of the Board of Directors

FOR P L TANDON & CO
CHARTERED ACCOUNTANTSP P Singh
Partner(SUNIL KUMAR AGARWAL)
Managing Director(FIAZ AHMED)
DirectorPlace : Hoskote
Date : 28.06.2007(MAUREEN. W.A.L.)
Company Secretary

SCHEDULES FORMING PART OF ACCOUNTS*Amount in Rs.*

	AS AT 31-03-2007	AS AT 31-03-2006
SCHEDULE '1'		
SHARE CAPITAL		
Authorized Share Capital		
52,50,000.00 equity shares of Rs. 10 each	52,500,000.00	52,500,000.00
ISSUED, SUBSCRIBED, CALLED UP AND PAID UP CAPITAL		
5017500 Equity Shares of Rs 10 each	50,175,000.00	50,175,000.00
	50,175,000.00	50,175,000.00
SCHEDULE '2' - RESERVES AND SURPLUS		
Securities Premium		
As per Last Balance Sheet	15082070.00	1,50,82,070.00
Subsidy		
As per Last Balance Sheet	1,346,000.00	1,346,000.00
Profit & Loss Account		
Balance as per Profit & Loss Account	18,875,567.80	19,549,292.00
	35,303,637.80	35,977,362.00
SCHEDULE '3'- SECURED LOANS		
Term Loan		
From Financial Institutions	0.00	1,698,319.00
From Banks	2,875,195.00	1,500,000.00
Packing Credit Foreign Currency Loans	0.00	8,678,498.40
Export Packing Credit Loans	46,250,935.00	35,783,690.00
Vehicle Loans	2,830,587.46	1,881,363.45
	51,956,717.46	49,541,870.85

MILESTONE GLOBAL LIMITED

Schedule 4

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Sl No	Particulars	As at 31-03-2006	Additions for the year	Deletion for the year	As at 31-03-2007	As at 31-03-2006	For the year	On Deletion	As at 31-03-2007	As at 31-03-2006	As at 31-03-2007
1.	Land	1,213,103.00	-	-	1,213,103.00	-	-	-	-	1,213,103.00	1,213,103.00
2	Factory Building	15,068,143.29	-	-	15,068,143.29	8,712,491.97	635,565.13	-	9,348,057.10	6,355,651.32	5,720,086.19
3	Office Building	5,429,174.60	-	-	5,429,174.60	409,189.61	250,999.25	-	660,188.86	5,019,984.99	4,768,985.74
4	Non-Factory Building	-	1,430,910.00	-	1,430,910.00	-	784.06	-	784.06	-	1,430,125.94
5	Plant & Machinery	93,306,561.76	3,406,387.00	-	96,712,948.76	52,454,763.46	5,947,518.93	-	58,402,282.39	40,851,798.30	38,310,666.37
6	Furnitures Fixtures & Equipments	4,162,426.69	140,935.00	-	4,303,361.69	1,819,174.30	469,434.81	-	2,288,609.11	2,343,252.39	2,014,752.58
7	Vehicles	3,912,402.27	1,290,147.00	731,748.00	4,470,801.27	1,913,748.98	555,350.74	258,490.00	2,210,609.72	1,998,653.29	2,260,191.55
8	Computer	876,262.00	427,801.00	11,851.42	1,292,211.58	628,442.91	198,596.48	-	827,039.39	247,819.09	465,172.19
		123,968,073.61	6,696,180.00	743,599.42	129,920,654.19	65,937,811.23	8,058,249.40	258,490.00	73,737,570.63	58,030,262.38	56,183,083.56
9	Work-in-progress	-	-	-	-	-	-	-	-	294,992.00	5,079,299.00
TOTAL		123,968,073.61	6,696,180.00	743,599.42	129,920,654.19	65,937,811.23	8,058,249.40	258,490.00	73,737,570.63	58,325,254.38	61,262,382.56
PREVIOUS YEAR		117,685,338.84	16,031,481.86	9,453,755.09	124,263,065.61	57,015,693.69	8,831,073.44	91,044.10	65,937,811.23	60,669,645.15	58,325,254.38

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31-03-2007	AS AT 31-03-2006
SCHEDULE '5':		
CURRENT ASSETS LOANS & ADVANCES		
INVENTORIES:		
(As Certified and valued by a Director)		
Raw Materials	15,651,000.00	10,138,000.00
Work in Process (Semi Finished)	17,434,000.00	17,677,000.00
Finished Goods	1,406,000.00	2,309,000.00
Stores and Spares	6,138,690.00	4,205,600.00
TOTAL	40,629,690.00	34,329,600.00
SUNDRY DEBTORS		
(Unsecured considered good)		
Less than Six Months	34,563,979.15	43,864,322.15
More than Six Months	-	-
TOTAL	34,563,979.15	43,864,322.15
CASH & BANK BALANCES		
Cash on Hand	489,301.78	270,550.88
Balance with scheduled Bank		
in Current Account	465,230.83	500,423.68
in Deposit Account (Fixed Deposit pledged with Banks)	532,184.92	720,770.92
TOTAL	1,486,717.53	1,491,745.48
LOANS AND ADVANCES		
Advances recoverable in Cash or in kind or for value to be received	4,526,386.60	5,525,027.48
OTHER CURRENT ASSETS		
Interest accrued on Fixed Deposit	9,470.00	-
TOTAL	4,535,856.60	5,525,027.48
SCHEDULE '6': CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	6,387,582.65	5,898,646.50
Other Liabilities	2,459,691.73	2,423,128.94
Interest Accrued But not due on Term Loan	-	528.00
TOTAL	8,847,274.38	8,322,303.44
PROVISIONS		
Provision for Income Tax (Net of Advances)	457,866.00	1,056,081.00
TOTAL	457,866.00	1,056,081.00

SCHEDULES FORMING PART OF ACCOUNTS

	2006-2007	2005-2006
SCHEDULE 7: INCREASE / (DECREASE) IN WORK IN PROCESS & FINISHED GOODS		
Stock at Commencement		
Finished Goods	1,819,000.00	1,694,000.00
Work in Process	17,677,000.00	16,479,000.00
	19,496,000.00	18,173,000.00
Less: Stock at close		
Finished Goods	1,406,000.00	1,819,000.00
Work in Process	17,434,000.00	17,677,000.00
	18,840,000.00	19,496,000.00
TOTAL	(656,000.00)	1,323,000.00
SCHEDULE 8 : OTHER INCOME		
Exchange Gain	-	55,631.23
Miscellaneous Income	-	96,358.28
Interest received	133,013.00	49,919.81
Others	-	12,492.28
TOTAL	133,013.00	214,401.60
SCHEDULE 9: RAW MATERIAL CONSUMED		
Opening Stock	10,628,000.00	14,448,000.00
Add:- Purchases during the year	42,308,518.00	42,044,445.49
	52,936,518.00	56,492,445.49
Less:- Closing Stock	15,651,000.00	10,628,000.00
	37,285,518.00	45,864,445.49
Add:- Carriage Inward	5,425,764.00	7,437,620.75
TOTAL	42,711,282.00	53,302,066.24
SCHEDULE 10 :		
MANUFACTURING & OTHER EXPENSES		
Manufacturing Expenses		
Payments to and Provisions for Employees:		
Salary, Wages, Bonus, etc.,	15,076,691.00	12,788,810.00
Company's Contribution to PF, ESI, etc.,	1,529,861.00	405,244.00
Staff Welfare	86,524.00	-
Stores & Spares Consumption	5,332,068.14	7,259,486.50
Packing Material Consumption	3,105,206.20	2,956,192.50
Purchase of Finished goods	-	274,607.00
Repairs & Maintenance	2,006,702.75	1,655,706.09
Power & Fuel	4,978,639.00	4,383,756.00
Loss on sale of fixed assets	61,722.00	-
TOTAL	32,177,414.09	29,723,802.09
ADMINISTRATIVE EXPENSES		
Rates, Taxes	186,943.30	222,037.05
Insurance	66,417.00	147,330.00
Miscellaneous Expenses	4,395,033.96	4,268,578.31
Travelling	2,442,195.03	-
Exchange Loss	486,596.04	-
TOTAL	7,577,185.33	4,637,945.36
SELLING & DISTRIBUTION EXPENSES		
Selling Expenses	386,281.00	2,150,788.49
Forwarding & Shipping Charges	17,008,021.00	18,715,007.00
Sales Commission	361,098.00	746,029.00
TOTAL	17,755,400.00	21,611,824.49
TOTAL	57,509,999.42	55,973,571.94
Interest		
Interest on Packing Credit	3,435,879.37	3,681,223.00
Interest on loan from financial institution	175,950.00	466,373.00
Other Bank Charges and Interest	374,568.01	243,124.12
TOTAL	3,986,397.38	4,390,720.12

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007*Amount in Rs.*

PARTICULARS	31.03.2007	31.03.2006
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before Tax	107,417.00	3,026,315.35
1 ADJUSTMENT FOR:-		
Depreciation	8,058,249.00	8,922,117.55
Interest received	(133,013.00)	4,870,004.97
Interest paid	3,986,397.00	-
Profit/Loss on Sale of Fixed Assets (net)	61,722.00	(12,492.28)
Provision for Gratuity	-	161,112.00
Exchange (Gain)/Loss	486,596.00	(55,631.00)
Operating profit before working capital changes	12,567,368.00	16,911,426.36
(Increase) / Decrease in Sundry Debtors	9,300,343.00	425,064.35
(Increase) / Decrease in Inventories	(6,300,090.00)	2,023,400.00
(Increase) / Decrease in Loans and Advances	980,052.00	378,806.23
Increase / (Decrease) in current liabilities	702,874.00	1,649,698.27
Cash generated from operations	(17,250,547.00)	21,388,395.21
Income Tax paid	1,427,000.00	-
Interest paid	-	(4,870,004.97)
Net Cash from operating activities (A)	15,823,547.00	16,518,390.24
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(11,480,487.00)	(16,031,481.86)
Sale of Fixed Assets	423,387.00	1,071,964.71
Investment in Subsidiary Company	(2,836,344.00)	-
Interest received	123,543.00	-
Net cash used in Investing Activity (B)	(13,769,901.00)	(14,959,517.15)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of capital		
Repayment of long term borrowings	(3,198,319.00)	(4,563,763.88)
Proceeds from long term borrowings	2,875,195.00	1,206,378.00
Exchange Gain (Loss)	(486,596.00)	55,631.23
Cash Credit Account	1,788,747.00	
Vehicle Loan	949,224.00	-
Interest paid	(3,986,925.00)	-
Net cash from financing activities (C)	(2,058,674.00)	(3,301,754.65)
Net increase in cash and cash equivalents (A+B+C)	(5,028.00)	(1,742,881.56)
Cash and Cash equivalents at the beginning of the year	1,491,745.00	2,513,855.51
Cash and Cash equivalents at the end of the year	1,486,717.00	770,973.95

As per our report of even date attached

For and on Behalf of the Board of Directors

FOR P L TANDON & CO
CHARTERED ACCOUNTANTS

P P Singh
 Partner

(SUNIL KUMAR AGARWAL)
 Managing Director

(FIAZ AHMED)
 Director

Place : Hoskote
 Date : 28.06.2007

(MAUREEN. W.A.L.)
 Company Secretary

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

SCHEDULE:

1) SIGNIFICANT ACCOUNTING POLICIES :

i). Accounting Concepts:

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

ii). Depreciation:

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

iii). Investments:

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

iv). Inventories:

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

v). Foreign Exchange Transactions:

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

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

vi). Revenue Recognition:

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

Sales are net of discounts.

vii). Retirement Benefit:

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

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

viii). Borrowing Costs:

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

ix). Provision for Current and deferred Tax:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income tax Act, 1961.

Deferred Tax resulting from "Timing Difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted on the Balance Sheet date. The deferred Tax Assets is recognized and carried forward only to the extent there is a reasonable certainty that the assets will be realized in future.

2. CONTINGENT LIABILITIES:

	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
a) In respect of Claims (including claims made by Employees) not acknowledged as debts.	Amount Indeterminate	Amount Indeterminate
b) In respect of demand of Income Tax including Interest thereon which is not admitted as liabilities by the Company.	39,63,981	39,63,981

3. Deferred Tax Assets and Liabilities as on 31-03-2007 are as under :

	2006-2007 Rs.	2005-2006 Rs.
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Deferred Tax Liability:**Difference between net book value of depreciable**

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

30,14,780	32,25,925
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2006-2007 Rs.	2005-2006 Rs.
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Deferred Tax Assets:

i). Items under the Income Tax Act which will be allowed on actual payment.

1,28,670	1,05,592
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ii). Unabsorbed Losses.

-	3,45,365
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4. Balances of Sundry Debtors, Loans and Advances and Creditors, are subject to confirmation.

5. The Company has not received the required information from suppliers regarding their status under the Micro, Small 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.

6. i). Term Loan from Bank

Secured by hypothecation of Fixed Assets.

ii). Export Packing Credit

Secured by hypothecation of inventories and export receivable.

iii). Vehicle Loans

Secured by hypothecation of Vehicles.

7. Remuneration to Auditors :

	2006-2007 Rs.	2005-2006 Rs.
Audit Fee	48,000	40,000
Tax Audit	18,000	15,000
Service Tax on above	8,160	6,732
	74,160	61,732

8. Earning Per Share (EPS):

	2006-2007 Rs.	2005-2006 Rs.
a) Net Profit available for Equity Shareholder. (Numerator used for calculation)	(6,73,724)	21,93,790
b) Number of Equity Shares. (Used as denominator for calculating EPS)	50,17,500	50,17,500
c) Basic and Diluted earnings per Share of Rs.10/- each.	(0.13)	0.42

9. Related Party Disclosures:

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

Subsidiary Company:

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

Key Management Personnel and their relative :

Mr. Sunil Agarwal	-	Managing Director
Mr. R. Dwarkanath	-	Executive Director
Mr. Syed Yasin	-	Executive Director
Mrs. Alka Agarwal	-	Relative

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

	Subsidiary Company	Key Management Personnel and their Relative
	Rs.	Rs.
Sales of Finished Goods	12,331,559 (Nil)	(Nil)
Equity contribution	2,836,344 (4,311,636)	- (-)
Remuneration	-	1,977,500 (2,880,000)
Closing Balance at the end of the year :		
Investment	7,147,980 (4,311,362)	
Outstanding Payable	565,377 ()	
Outstanding Receivable	8,312,300	

Figures in bracket are in respect of Previous year.

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

10. Company has an investment of Rs.71,47,980/- in the Share Capital in Milestone Global (U.K.) Limited U.K. a wholly owned subsidiary Company. Milestone Global (U.K.) Limited U.K. has accumulated losses 47,111 equivalent to Rs.39,97,010/- as on 31st March, 2007 (Previous Year 41,453 equivalent to Rs.32,17,582/-). The Management is, however, of the opinion that with strategic plan on hand and long term involvement in the subsidiary company, no provision is necessary in this account.

11. Segment Reporting :

The company is engaged in granite monumental stone business only. However geographical segment is as under.

PARTICULARS	U.S.A.	EUROPE	TOTAL
1. SEGMENT REVENUE :			
External Sales	77,137,000	35,759,333	1,12,896,333
Inter-segment sales	-	-	-
TOTAL REVENUE	77,137,000	35,759,333	1,12,896,33

2. SEGMENT EXPENSES	10,128,248	7,141,386	17,269,634
3. SEGMENT RESULT	67,008,752	28,617,947	95,626,699
Common Expenses	65,354,922	30,297,372	95,652,294
Common Income	90,881	42,132	133,013
Extra Ordinary Items	-	-	-
4. Net Profit / (Loss) before Tax	1,744,711	(1,637,293)	107,418
Provision for Taxation :			
Current Tax	-	-	480,000
Deferred Tax	-	-	111,142
Fringe Benefit Tax	-	-	190,000
Profit / (Loss) after Tax	-	-	(673,724)
5. Segment Assets (Debtors)	22,528,241	12,035,738	34,563,979
Common Assets	-	-	1,15,062,626
Total Assets	22,528,241	-	1,49,626,605
6. Segment Liabilities	-	-	-
Common Liabilities	-	-	1,49,626,605
Total Liabilities	-	-	1,49,626,605
7. Capital Expenditure	-	-	11,480,487
8. Depreciation	-	-	80,58,249
9. Other Non-Cash Expenditure	-	-	-

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

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

A. CAPACITY, TURNOVER, PRODUCTION & STOCKS

Particulars relating to manufacturing of goods

	31.3.2007	31.3.2006
Licenced Capacity	NA	NA
Installed Capacity	1404.00	1404.00
Actual Production	864.46	936.69

Particulars of Finished Goods

	31-03-2007		31-03-2006	
	Qty. (Cu. Mts.)	Rs. (In Lakhs)	Qty. (Cu. Mts.)	Rs. (In Lakhs)
a. Opening Stock	15.16	23.09	14.12	16.94
b. Production	864.46	667.36	936.69	717.03
c. Sales	867.90	1128.96	935.65	1240.77
d. Closing Stock	11.72	14.06	15.16	23.09

B. RAW MATERIALS CONSUMED

	31-03-2007		31-03-2006	
	Qty. (Cu. Mts.)	Rs. (In Lakhs)	Qty. (Cu. Mts.)	Rs. (In Lakhs)
	1319.12	427.11	1593.60	533.02

Milestone Global Limited

C. C.I.F. VALUE OF IMPORTS	31-03-2007 (In Lakhs)	31-03-2006 (In Lakhs)
a. Raw Material	62.62	31.17
b. Components, Stores & Spare Parts and packing Material.	11.43	43.14
c. Capital Goods	9.26	5.08
d. Others	-	-
D. EXPENDITURE IN FOREIGN CURRENCY. (On accrual basis)		
a. Know-how/Technical Service Fee	-	-
b. Others	21.73	13.49
E. VALUE OF RAW MATERIALS, STORES & SPARE PARTS ETC. CONSUMED		
	31-03-2007 (In Lakhs)	31-03-2006 (In Lakhs)
a. Raw Materials		
i) Imported value	62.62	31.17
% of total consumption	14.67%	5.85%
ii) Indigenous value	364.49	501.85
% of total consumption	85.33%	94.15%
b. Stores & Spare Parts etc. (including Packing Material)		
i) Imported value	11.43	43.14
% of total consumption	13.55%	42.23%
ii) Indigenous value	72.94	59.01
% of total consumption	86.45%	57.77%
F. PERMITTANCE IN FOREIGN CURRENCY		
Dividend	-	-
G. EARNING IN FOREIGN EXCHANGE		
a) Export of Goods Calculated on FOB Value	1018.46	1099.21
b) Technical Service fee	-	-
c) Interest & Dividend	-	-
d) Others (Commission)	-	-

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

P P Singh
 Partner

(SUNIL KUMAR AGARWAL)
 Managing Director

(FIAZ AHMED)
 Director

Place : Hoskote
 Date : 28.06.2007

(MAUREEN. W.A.L.)
 Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I Registration Details**

CIN - L85110KA1990PLC011082

State Code 08

Balance Sheet Date 31-03-2007

II Capital Raised during the year (Rs. In Thousands)

Public Issue

Rights Issue

Bonus shares

Nil

Nil

Nil

Private Placement

Reissue of Forfeited Shares

Nil

Nil

III. Position of Mobilisation and Deployment of Funds (Rs. In Thousand)

Total Liabilities	140,321	Total Assets	140,321
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Sources of Funds

Paid up Capital	50,175	Reserves & Surplus	35,304
Secured Loans	51,957	Unsecured Loan	
Deferred Tax Liab	2,886		

Application of Funds

Net Fixed Assets	61,262	Investments	7,148
Net Current Assets	71,911	Misc Expenditure	
		Accumulated Losses	-

IV. Performance of Company (Rs. In Thousands)

Turnover	112,373	Total Expenditure	112,266
(including other income & decrease in stock)			
Profit/Loss Before Tax	107	Profit/Loss After Tax (+ for profit - for Loss)	(673)
Earning per share in Rs.	(0.13)	Dividend	-

**V. General names of Three Principal Products / Services of Company
Granite Monuments, Memorials, Slabs etc.**

MILESTONE GLOBAL (UK) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2007**

The directors present their report with the financial statements of the company for the year ended 31st March 2007.

PRINCIPAL ACTIVITY

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

DIRECTORS

The directors during the year under review were:

Mr S K Agarwal

Mr A K Agarwal

The directors holding office at 31st March 2007 did not hold any beneficial interest in the issued share capital of the company at 1st April 2006 or 31st March 2007.

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

ON BEHALF OF THE BOARD:

Mr. A K Agarwal

Secretary

Date: 6th June 2007

MILESTONE GLOBAL (UK) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2007**

	Notes	Year Ended 31/3/07 £	Period 12/5/05 to 31/3/06 £
TURNOVER		214,182	22,390
Cost of sales		172,847	24,513
GROSS PROFIT/(LOSS)		41,335	(2,123)
Administrative expenses		46,993	39,325
OPERATING LOSS	2	(5,658)	(41,448)
Interest payable and similar charges		-	5
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,658)	(41,453)
Tax on loss on ordinary activities	3	-	-
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(5,658)	(41,453)
DEFICIT FOR THE YEAR		(5,658)	(41,453)
Deficit brought forward		(41,453)	-
DEFICIT CARRIED FORWARD		(47,111)	(41,453)

MILESTONE GLOBAL (UK) LIMITED**BALANCE SHEET 31ST MARCH 2007**

	Notes	£	2007 £	2006 £	£
FIXED ASSETS					
Tangible assets	4		5,378		4,102
CURRENT ASSETS					
Stocks	5	70,115		25,458	
Debtors		39,415		5,330	
Cash at bank and in hand		22,824		14,472	
		132,354		45,260	
CREDITORS					
Amounts falling due within one year	6	97,512		36,017	
NET CURRENT ASSETS			34,842		9,243
TOTAL ASSETS LESS CURRENT LIABILITIES			40,220		13,345
CAPITAL AND RESERVES					
Called up share capital	7		87,331		54,798
Profit and loss account			(47,111)		(41,453)
SHAREHOLDERS' FUNDS			40,220		13,345

MILESTONE GLOBAL (UK) LIMITED**BALANCE SHEET- continued****31ST MARCH 2007**

The company is entitled to exemption from audit under Section 249A (1) of the Companies Act 1985 for the year ended 31st March 2007.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st March 2007 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

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

These financial statements have been prepared in accordance with the special provisions of the Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January Act 2005).

The financial statements were approved by the Board of Directors on 6th June 2007 and were signed on its behalf by:

Mr S K Agarwal
Director

Mr A K Agarwal
Director

The notes form part of these financial statements

MILESTONE GLOBAL (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007****1. ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

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

Tangible fixed assets

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

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

Stocks

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

2. OPERATING LOSS

The operating loss is stated after charging:

	Year Ended 31/3/07	Period 12/5/05 to 31/3/06
	£	£
Depreciation-owned assets	1,793	1,367
Loss on disposal of fixed assets	196	-
Directors' emoluments and other benefits etc	-	-
	<u> </u>	<u> </u>

3. TAXATION**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31st March 2007 nor for the period ended 31st March 2006.

MILESTONE GLOBAL (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS-continued
FOR THE YEAR ENDED 31ST MARCH 2007****4 TANGIBLE FIXED ASSETS**

	Fixtures And Fitting £	Motor vehicles £	Totals £
COST			
At 1 st April 2006	768	4,701	5,469
Additions	945	7,850	8,795
Disposals	-	(6,901)	(6,901)
At 31 st March 2007	<u>1,713</u>	<u>5,650</u>	<u>7,363</u>
DEPRECIATION			
At 1 st April 2006	192	1,175	1,367
Charge for year	380	1,413	1,793
Eliminated on disposal	-	(1,175)	(1,175)
At 31 st March 2007	<u>572</u>	<u>1,413</u>	<u>1,985</u>
NET BOOK VALUE			
At 31 st March 2007	<u>1,141</u>	<u>4,237</u>	<u>5,378</u>
At 31 st March 2006	<u>576</u>	<u>3,526</u>	<u>4,102</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade debtors	26,395	2,479
Deposit on rented premises	625	625
Amounts owed from parent company	6,664	-
Prepayments	5,731	2,226
	<u>39,415</u>	<u>5,330</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade creditors	91,757	8,198
Value added taxation	3,330	271
Amounts owing to parent company	-	25,943
Accrued expenses	2,425	1,605
	<u>97,512</u>	<u>36,017</u>

MILESTONE GLOBAL (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS-continued
FOR THE YEAR ENDED 31ST MARCH 2007**

7. CALLED UP SHARE CAPITAL

Authorised: Number:	Class	Nominal Value :	2007 £	2006 £
200,000	Ordinary	£1	<u>200,000</u>	<u>200,000</u>
Allotted, issued and fully paid: Number:	Class:	Nominal Value:	2007 £	2006 £
87,331 (2006-54,798)	Ordinary	£1	<u>87,331</u>	<u>54,798</u>

8. ULTIMATE PARENT COMPANY

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

Milestone Global Limited is a company incorporated in India.

9. RELATED PARTY DISCLOSURES

Controlling party

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

Loans to parent company

During the year ended 31st March 2007 the ultimate parent company paid a number of expenses to assist its subsidiary. At the 31st March 2007 the ultimate parent company owed the company £6,664 (2006: the company owed the ultimate parent company £25,943). This loan is interest free and repayable on demand.

Trading with parent company

During the year the company purchased goods to the value of £ 188,825(2006-£41,828) from the ultimate parent company. The purchases were made on a normal trading basis. At 31st March 2007 the company had within its trade creditors £91,312 (2006-£7,956) payable to the ultimate parent company in relation to trading invoices.

Statement pursuant to Section 212 of the companies Act,1956, relating to subsidiary companies

Name of the subsidiary	Milestone Global (UK) Limited
1 Financial period ended	31-Mar-07
2 Holding company's interest	100 % in equity shares
3 Shares held by the holding company in the subsidiary	87331 equity shares of £.1 each fully paid up amounting to Rs.71.48 Lacs (54798 equity shares of £.1 each fully paid up amounting to Rs. 43.12 Lacs
4. The net aggregate of profits or losses of the subsidiary for the current period so far as it concerns the members of the holding company	
a. Dealt with or provided for in the accounts of the holding company	Nil
b. Not dealt with or provided for in the accounts of the holding company	(INR 480,038)
5. The net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding company	
a. Dealt with or provided for in the accounts of the holding company	Nil
b. Not dealt with or provided for in the accounts of the holding company	(INR 3,516,972)

Statement pursuant to Section 212 of the companies Act,1956, relating to subsidiary company

Investments													
Name of the subsidiary company	Issued and Subscribed share capital	Reserves	Loans	Total assets	Total liabilities	Long-term	Current	Total	Turnover	profit/(loss) before taxation	Provision for taxation	profit/(loss) after taxation	Proposed dividend
Milestone Global (UK) Limited	7,409,371	(3,997,010)		3,412,361	3,412,361	-	-	-	18,171,714	(480,038)	-	(480,038)	-
	4,311,636	(3,516,972)		1,035,903	1,035,903	-	-	-	1,738,019	(3,516,972)	-	(3,516,972)	-

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

We have examined the attached Consolidated Balance Sheet of Milestone Global Limited and its subsidiaries as at 31st March, 2007, the Consolidated Profit & Loss Account for the year then ended and also the consolidated cash flow statement for the year ended on that date annexed hereto.

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

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

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

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

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

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

Place: Kanpur
Date : 28.06.2007

(P.P.SINGH)
Partner
Mem No.72754

MILESTONE GLOBAL LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2007

	SCH	AS AT 31-03-2007	AS AT 31-03-2006
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS:-			
Share Capital	'1'	50,175,000.00	50,175,000.00
Reserves and Surplus	'2'	31,538,618.82	32,701,628.66
		81,713,618.82	82,876,628.66
LOAN FUNDS			
Secured Loans	'3'	51,956,717.46	49,541,870.85
Deferred Tax liability (Net)		2,886,110.19	2,774,968.09
TOTAL		136,556,446.47	135,193,467.60
APPLICATION OF FUNDS			
FIXED ASSETS:			
	'4'		
Gross Block		130,505,875.56	124,392,603.48
Less: Depreciation		73,896,116.29	66,043,924.30
Net Block		56,609,759.27	58,348,679.18
Capital Work in Process		5,079,299.00	294,992.0
		61,689,058.27	58,643,671.18
CURRENT ASSETS, LOANS & ADVANCES			
	'5'		
Inventories		46,578,414.88	36,305,771.39
Sundry Debtors		29,595,742.58	43,641,502.18
Cash and Bank balances		3,423,160.47	1,894,360.23
Loans and Advances		4,535,856.60	6,909,403.40
		84,133,174.53	88,751,037.20
Less:			
CURRENT LIABILITIES AND PROVISIONS	'6'		
Current Liabilities		8,807,920.33	10,099,290.78
Provisions		457,866.00	2,101,950.00
NET CURRENT ASSETS		74,867,388.20	76,549,796.42
TOTAL		136,556,446.47	135,193,467.60
NOTES TO ACCOUNTS	'11'		

The Schedules referred to herein form an integral part of the Balance Sheet

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

P P Singh
 Partner

(SUNIL KUMAR AGARWAL)
 Managing Director

(FIAZ AHMED)
 Director

Place : Hoskote
 Date : 28.06.2007

(MAUREEN. W.A.L.)
 Company Secretary

MILESTONE GLOBAL LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

	SCH	2006-2007	2005-2006
INCOME			
Sales		118,836,488.79	124,510,363.99
Increase / (Decrease) in stock	7	(656,000.00)	1,323,000.00
Other Income	8	133,013.00	214,401.90
	TOTAL	118,313,501.79	126,047,765.89
EXPENDITURE			
Material Consumption	9	45,144,477.18	60,803,153.24
Manufacturing & Other expenses	10	61,354,123.25	51,472,320.47
Interest		3,986,397.38	4,993,479.67
Depreciation		8,210,371.82	9,028,230.61
	TOTAL	118,695,369.63	126,297,183.98
PROFIT/(LOSS) BEFORE TAX		(381,867.84)	(249,418.09)
PROVISION FOR TAXATION :			
CURRENT TAX		480,000.00	1,442,312.00
DEFERRED TAX		111,142.00	(887,160.50)
FRINGE BENEFIT TAX		190,000.00	277,374.00
PROFIT / (LOSS) AFTER TAX		(116,3009.84)	(1,081,943.59)
Balance brought forward from previous year		16,273,558.66	17,355,502.25
BALANCE CARRIED TO BALANCE SHEET	TOTAL	15,110,548.82	16,273,558.66

EARNING PER SHARE

-

NOTES TO ACCOUNTS

11

The Schedules referred to herein form an integral part of the Balance Sheet

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

For and on Behalf of the Board of Directors

P P Singh
Partner

(SUNIL KUMAR AGARWAL)
Managing Director

(FIAZ AHMED)
Director

Place : Hoskote
Date : 28.06.2007

(MAUREEN. W.A.L.)
Company Secretary

SCHEDULES FORMING PART OF ACCOUNTS*Amount in Rs.*

	AS AT 31-03-2007	AS AT 31-03-2006
SCHEDULE '1'		
SHARE CAPITAL		
Authorized Share Capital		
52,50,000.00 equity shares of Rs. 10 each	52,500,000.00	52,500,000.00
ISSUED, SUBSCRIBED, CALLED UP AND PAID UP CAPITAL		
5017500 Equity Shares of Rs 10 each	50,175,000.00	50,175,000.00
TOTAL	50,175,000.00	50,175,000.00
SCHEDULE '2' - RESERVES AND SURPLUS		
Securities Premium		
As per Last Balance Sheet	15,082,070.00	15,082,070.00
Subsidy		
As per Last Balance Sheet	1,346,000.00	1,346,000.00
Profit & Loss Account		
Balance as per Profit & Loss Account	15,110,548.82	16,273,558.66
Add exchange Rate Difference		
TOTAL	31,538,618.82	32,701,628.66
SCHEDULE '3'- SECURED LOANS		
Term Loan		
From Financial Institutions	—	1,698,319.00
From Banks	2,875,195.00	1,500,000.00
Export Packing Credit Loans	46,250,935.00	44,462,188.40
Vehicle Loans	2,830,587.46	1,881,363.45
TOTAL	51,956,717.46	49,541,870.85

MILESTONE GLOBAL LIMITED

Schedule 4

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Sl No	Particulars	As at 31-03-2006	Additions for the year	Deletion for the year	As at 31-03-2007	As at 31-03-2006	For the year	On Deletion	As at 31-03-2007	As at 31-03-2006	As at 31-03-2007
1	Land	1,213,103.00	-	-	1,213,103.00	-	-	-	-	1,213,103.00	1,213,103.00
2	Factory Building	15,068,143.29	-	-	15,068,143.29	8,712,491.97	635,565.13	-	9,348,057.10	6,355,651.32	5,720,086.19
3	Office Building	5,429,174.60	-	-	5,429,174.60	409,189.61	250,999.25	-	660,188.86	5,019,984.99	4,768,985.74
4	Non-Factory Building	-	1,430,910.00	-	1,430,910.00	-	784.06	-	784.06	-	1,430,125.94
5	Plant & Machinery	93,731,091.63	3,406,387.00	-	97,137,478.63	52,560,876.52	5,947,518.93	-	58,508,395.45	41,170,215.11	38,629,083.18
6	Furnitures Fixtures & Equipments	4,162,426.69	140,935.00	-	4,303,361.69	1,819,174.30	469,434.81	-	2,288,609.11	2,343,252.39	2,014,752.58
7	Furnitures Fixtures(U.K.)	-	80,176.06	-	80,176.06	-	32,240.11	-	32,240.11	-	47,935.95
8	Vehicles	3,912,402.27	1,290,147.00	731,748.00	4,470,801.27	1,913,748.98	555,350.74	258,490.00	2,210,609.72	1,998,653.29	2,260,191.55
9	Vehicles U.K.	-	666,012.84	585,497.40	80,515.44	-	119,882.31	99,689.82	20,192.49	-	60,322.95
10	Computer	876,262.00	427,801.00	11,851.42	1,292,211.58	628,442.91	198,596.48	-	827,039.39	247,819.09	465,172.19
		124,392,603.48	7,442,368.90	1,329,096.82	130,505,875.56	66,043,924.29	8,210,371.82	358,179.82	73,896,116.29	58,348,679.19	56,609,759.27
11	Work-in-progress	-	-	-	-	-	-	-	-	294,992.00	5,079,299.00
TOTAL		124,392,603.48	7,442,368.90	1,329,096.82	130,505,875.56	66,043,924.29	8,210,371.82	358,179.82	73,896,116.29	58,643,671.19	61,689,058.27
PREVIOUS YEAR		117,685,338.84	16,456,011.73	9,453,755.09	124,687,595.48	57,015,693.69	8,937,186.51	91,044.10	66,043,924.30	60,669,645.15	58,643,671.18

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31-03-2007	AS AT 31-03-2006
SCHEDULE '5': CURRENT ASSETS LOANS & ADVANCES		
INVENTORIES :		
(As Certified and valued by a Director)		
Raw Materials	15,651,000.00	10,138,000.00
Work in Process (Semi Finished)	17,434,000.00	17,677,000.00
Finished Goods	7,354,724.88	4,285,171.39
Stores and Spares	6,138,690.00	4,205,600.00
TOTAL	46,578,414.88	36,305,771.39
SUNDRY DEBTORS		
(Unsecured considered good)		
Less than Six Months	29,595,742.58	43,641,502.18
More than Six Months		
TOTAL	29,595,742.58	43,641,502.18
CASH & BANK BALANCES		
Cash on Hand	489,301.78	-
Balance with scheduled Bank		
in Current Account	2,401,673.77	1,894,360.23
in Deposit Account (Fixed Deposit pledged with Banks)	532,184.92	-
TOTAL	3,423,160.47	1,894,360.23
LOANS AND ADVANCES		
Advances recoverable in Cash or in kind or for value to be received	4,526,386.60	6,909,403.40
OTHER CURRENT ASSETS		
Interest accrued on Fixed Deposit	9,470.00	-
TOTAL	4,535,856.60	6,909,403.40
SCHEDULE '6': CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	6,348,228.60	10,099,290.78
Other Liabilities	2,459,691.73	-
Interest Accrued But not due on Term Loan		
TOTAL	8,807,920.33	10,099,290.78
PROVISIONS		
Provision for Income Tax (Net of Advances)	457,866.00	2,101,950.00
TOTAL	457,866.00	2,101,950.00

SCHEDULES FORMING PART OF ACCOUNTS

2006-2007

2005-2006

SCHEDULE 7 : INCREASE / (DECREASE) IN WORK IN PROCESS & FINISHED GOODS

Stock at Commencement		
Finished Goods	1,819,000.00	1,694,000.00
Work in Process	17,677,000.00	16,479,000.00
	<u>19,496,000.00</u>	<u>18,173,000.00</u>
Less: Stock at close		
Finished Goods	1,406,000.00	1,819,000.00
Work in Process	17,434,000.00	17,677,000.00
	<u>18,840,000.00</u>	<u>19,496,000.00</u>
INCREASE / (DECREASE)	(656,000.00)	1,323,000.00

SCHEDULE 8 : OTHER INCOME

Exchange Gain	-	55,631.53
Miscellaneous Income	-	96,358.28
Interest received	133,013.00	49,919.81
Others	-	12,492.28
TOTAL	133,013.00	214,401.90

SCHEDULE 9: RAW MATERIAL CONSUMED

Opening Stock	10,628,000.00	-
Add:- Purchases during the year	42,308,518.00	60,803,153.24
	<u>52,936,518.00</u>	
Less:- Closing Stock	15,651,000.00	-
	<u>37,285,518.00</u>	
Add:- Carriage Inward	7,858,959.18	-
TOTAL	45,144,477.18	60,803,153.24

SCHEDULE 10 : MANUFACTURING & OTHER EXPENSES**Manufacturing Expenses****Payments to and Provisions for Employees:**

Salary, Wages, Bonus, etc.,	15,076,691.00	4,929,852.00
Company's Contribution to PF, ESI, etc.,	1,529,861.00	-
Staff Welfare	86,524.00	-
Stores & Spares Consumption	5,332,068.14	-
Packing Material Consumption	3,105,206.20	-
Purchase of Finished goods	-	-
Repairs & Maintenance	2,015,611.20	1,655,706.09
Power & Fuel	5,063,905.61	4,383,756.00
Loss on sale of fixed assets	78,351.12	-
TOTAL	32,288,218.27	10,969,314.09

ADMINISTRATIVE EXPENSES

Rates, Taxes	769,556.06	-
Insurance	66,417.00	-
Miscellaneous Expenses	6,206,588.88	-
Travelling	3,766,754.58	-
Exchange Loss	501,188.46	-
Administrative Other Expenses	-	15,304,210.51
TOTAL	11,310,504.98	15,304,210.51

SELLING & DISTRIBUTION EXPENSES

Selling Expenses	386,281.00	-
Forwarding & Shipping Charges	17,008,021.00	-
Sales Commission	361,098.00	-
Selling & Distribution Expenses	-	25,198,795.87
TOTAL	17,755,400.00	25,198,795.87
TOTAL	61,354,123.25	51,472,320.47

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

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

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

Name of the company	Country of Incorporation	Holding as on 31.03.2007
Milestone Global [U.K.] Limited .	U.K.	100%
Milestone Global [U.K.] Limited has become wholly owned subsidiary of Milestone Global Limited w.e.f. 12 th May 2005.		

3.) Other significant accounting policies :

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

2. CONTINGENT LIABILITIES:

	As at 31 st March, 2007 Rs.	As at 31 st March, 2006 Rs.
a) In respect of demand of Income Tax including Interest thereon which is not admitted as liabilities by the Company.	39,63,981	39,63,981
3. Deferred Tax Assets and Liabilities as on 31-03-2007 are as under :		
	2006-2007 Rs.	2005-2006 Rs.
Deferred Tax Liability:		
Difference between net book value of depreciable Capital Assets as per books vis-a-vis written down value as per Income Tax.	30,14,780	32,25,925
	2006-2007 Rs.	2005-2006 Rs.
Deferred Tax Assets:		
i). Items under the Income Tax Act which will be allowed on actual payment.	1,28,670	1,05,592
ii). Unabsorbed Losses.	-	3,45,365
4. i). Term Loan from Bank		
Secured by hypothecation of Fixed Assets.		

ii). **Export Packing Credit**

Secured by hypothecation of inventories and export receivable.

iii). **Vehicle Loans**

Secured by hypothecation of Vehicles.

5. Earning Per Share (EPS):

	2006-2007 Rs.	2005-2006 Rs.
a) Net Profit available for Equity Shareholder. (Numerator used for calculation)	(1,163,010)	(1,081,944)
b) Number of Equity Shares. (Used as denominator for calculating EPS)	5,017,500	5,017,500
c) Basic and Diluted earnings per Share of Rs.10/- each.	(0.23)	(0.21)

6. Related Party Disclosures:

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

Key Management Personnel and their relative :

Mr. Sunil Kumar Agarwal	-	Managing Director
Mr. R. Dwarkanath	-	Executive Director
Mr. Syed Yasin	-	Executive Director
Mrs. Alka Agarwal	-	Relative

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

	Key Management Personnel and their Relative Rs.
Remuneration	1,977,500 (2,880,000)

Figures in bracket are in respect of Previous year.

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

7. Segment Reporting :

The company is engaged in granite monumental stone business only. However geographical segment is as under.

PARTICULARS	Amount in Rs.		
	U.S.A.	EUROPE	TOTAL
1. SEGMENT REVENUE :			
External Sales	77,137,000	41,699,488	118,836,488
Inter-segment sales	-	-	-
TOTAL REVENUE	77,137,000	41,699,488	118,836,488
2. SEGMENT EXPENSES	10,128,248	7,141,386	17,269,634
3. SEGMENT RESULT	67,008,752	34,558,102	101,566,854
Common Expenses	66,255,454	35,817,033	102,072,487
Common Income	90,881,00	42,132	133,013
Extra Ordinary Items	-	-	-
4. Net Profit / (Loss) before Tax	844,179	(1,226,047)	381,868
Provision for Taxation :	-	-	-
Current Tax	-	-	480,000
Deferred Tax	-	-	111,142
Fringe Benefit Tax	-	-	190,000
Profit / (Loss) after Tax	-	-	(1,163,010)
5. Segment Assets (Debtors)	22,528,241	7,067,501	29,595,742
Common Assets			116,256,097
Total Assets	22,528,241	-	145,851,839
6. Segment Liabilities	-	-	-
Common Liabilities	-	-	-
Total Liabilities	-	-	145,851,839
7. Capital Expenditure	-	-	12,226,675
8. Depreciation	-	-	8,210,372
9. Other Non-Cash Expenditure	-	-	-

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

P P Singh
 Partner

(SUNIL KUMAR AGARWAL)
 Managing Director

(FIAZ AHMED)
 Director

Place : Hoskote
 Date : 28.06.2007

(MAUREEN. W.A.L.)
 Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

Amount in Rs.

PARTICULARS	31.03.2007	31.03.2006
A. CASH FLOW FROM OPERATING/ ACTIVITIES		
Net Profit/ (Loss) before Tax	(381,867.00)	(249,418.00)
1. ADJUSTMENT FOR:-		
Depreciation	8,210,371.00	9,028,231.00
Interest received	(133,013.00)	-
Interest Paid	3,986,397.00	4,882,347.00
Profit/Loss on Sale of Fixed Assets (net)	78,351.00	(12,492.00)
Provision for Gratuity	-	161,112.00
Exchange (Gain)/Loss	501,188.00	(55,631.00)
Operating profit before working capital changes	12,261,427.00	13,754,149.00
(Increase) / Decrease in Sundry Debtors	14,045,759.00	647,884.00
(Increase) / Decrease in Inventories	(10,272,644.00)	47,229.00
(Increase) / Decrease in Loans and Advances	1,700,823.00	378,806.00
Increase / (Decrease) in current liabilities	(1,495,733.00)	7,597,670.00
Cash generated from operations	16,239,632.00	22,425,738.00
Income Tax paid	(1,427,000.00)	-
Interest paid		(4,882,347.00)
Net Cash from operating activities (A)	14,812,632.00	17,543,391.00
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(12,226,675.00)	(16,456,012.00)
Sale of Fixed Assets	892,566.00	1,071,965.00
Investment in Subsidiary Company	-	-
Interest received	123,543.00	-
Net cash used in Investing Activity (B)	(11,210,566.00)	(15,384,047.00)
C CASH FLOW FROM FINANCING ACTIVATES		
Repayment of long term borrowings	(3,198,319.00)	(4,040,848.00)
Proceeds from long term borrowings	2,875,195.00	1,206,378.00
Exchange Gain (Loss)	(501,188.00)	55,631.00
Cash Credit Account	1,788,747.00	-
Vehicle Loan	949,224.00	-
Interest paid	(3,986,925.00)	-
Net cash from financing activities (C)	(2,073,266.00)	(2,778,839.00)
Net increase in cash and cash equivalents (A+B+C)	1,528,800.00	(619,495.00)
Cash and Cash equivalents at the beginning of the year	1,894,360.00	2,513,855.00
Cash and Cash equivalents at the end of the year	3,423,160.00	1,894,360.00

As per our report of even date attached

For and on Behalf of the Board of Directors

FOR P L TANDON & CO
CHARTERED ACCOUNTANTSP P Singh
Partner(SUNIL KUMAR AGARWAL)
Managing Director(FIAZ AHMED)
DirectorPlace : Hoskote
Date : 28.06.2007(MAUREEN. W.A.L.)
Company Secretary

MILESTONE GLOBAL LIMITED

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

PROXY FORM

Regd. Folio No. _____ No. of Share held _____

I / We _____ of _____ in the district
of _____ being a member/members of M/s. MILESTONE

GLOBAL LIMITED hereby appoint _____ of

_____ in the district of _____ or failing him

_____ of in the _____ district of

_____ as my / our proxy to vote for me / us, on my behalf at
the Seventeenth Annual General Meeting of the Company to be held on 28th September 2007 at 10-00 am at
54B, (KIADB) Hoskote Industrial Area, Chintamani Road, Hoskote - 562 114, KARNATAKA, and any
adjournment thereof.

Signed this _____ day of _____ 2007

Signature _____

Address _____

Affix
Revenue
Stamp
Rs. 1-00

Notes :

1. The proxy need not be a member of the Company.
2. The proxy to be valid should be duly stamped with a Revenue stamp of Rs. 1.00 and executed by the member and should reach the Company's Registered Office at least 48 hours before the time of the meeting.

-----TEAR HERE-----

MILESTONE GLOBAL LIMITED

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

ATTENDANCE SLIP

Seventeenth Annual General Meeting

Regd. Folio No.

No. of Shares Held

I certify that I am a registered share holder / proxy for the registered shareholder of the Company I hereby record my presence at the 17th Annual General Meeting of the Company at 54B, (KIADB) Hoskote Industrial Area, Chintamani Road, Hoskote - 562 114. Karnataka, and any adjournment thereof at 10-00 am on 28th September 2007.

Member's / Proxy's Name in BLOCK Letters

Members / Proxy's Signature

Note : Please fill in this attendance slip and hand it over at the ENTRANCE of the meeting hall

Milestone Global Limited

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