

Associated Stone Industries (Kotah) Ltd.

**53rd
Annual Report
1998-99**



The Stone Masters

**Associated Stone Industries (Kotah) Ltd.**

NOTICE

NOTICE is hereby given that the 53rd Annual General Meeting of the members of **Associated Stone Industries (Kotah) Limited** will be held at the Registered Office of the Company at Neemrana, Dist. Alwar, Rajasthan on Wednesday the 29th September, 1999 at 8.30 a.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date and the report of Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Shri. Tony Jatia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Chandulal D. Thakker, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. Narendra S. Karnavat, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and the Share Transfer Books of the Company will be closed from Wednesday, the 15th September, 1999 to Wednesday, the 29th September, 1999 both days inclusive.
3. Dividend, if declared at the meeting, will be paid to those members whose names appear on the Register of Members of the Company on 29th September, 1999.

By Order of the Board of Directors

Mumbai
29th May, 1999

S. R. SONI
Vice President & Secretary

Registered Office :

Jatia Avenue,
15-B, RIICO Industrial Area,
Neemrana, Dist. Alwar 301 705,
Rajasthan.



Associated Stone Industries (Kotah) Ltd.

BOARD OF DIRECTORS

NEMNATH JATIA, *Chairman & Managing Director*
 DEEPAK JATIA, *Vice Chairman & Managing Director*
 TONY JATIA, *Managing Director*
 C. S. LODHA
 SANWARMUL SHROFF
 ATUL S. DAYAL
 NARENDRA S. KARNAVAT
 CHANDULAL D. THAKKER
 ARUN KAPOOR, *Nominee IFCI*

MANAGEMENT EXECUTIVES

MINING UNIT

C. S. JAIN, *Executive President*
 S. R. SONI, *Vice President & Secretary*
 D. K. PARIKH, *Vice President (Finance)*
 S. C. AGARWAL, *Vice President (Mines)*
 A. K. JAIN, *Vice President (Operations)*
 B. S. AGRAWAL, *Vice President (Sales)*

SPINNING UNIT

N. P. PODDAR, *President*
 D. C. MATHUR, *Vice President*
 C. P. SAHADEVAN, *Vice President (Plant)*

AUDITORS

M/s. B. L. AJMERA & CO.
 Chartered Accountants
 M. I. Road, Jaipur - 302 001.

BANKERS

State Bank of Bikaner & Jaipur
 Times Bank Ltd.

HEAD OFFICE

Feltham House, J.N. Heredia Marg,
 Ballard Estate, Mumbai - 400 001.

REGISTERED OFFICE

Jatia Avenue, 15-B, RIICO Indl. Area
 Neemrana, Dist. Alwar-301 705
 Rajasthan.

WORKS

MINING UNIT

Ramganjmandi-326 519
 Dist. Kota - Rajasthan.

SPINNING UNIT

"Perna Syntex" (100% EOU)
 Jatia Avenue, 15-B, RIICO Indl. Area
 Neemrana, Dist. Alwar-301 705
 Rajasthan.

Associated Stone Industries (Kotah) Ltd.**DIRECTORS' REPORT**

To

The Members,

Associated Stone Industries (Kotah) Limited

The Directors have pleasure in presenting the 53rd Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1999 :

1. FINANCIAL RESULTS

	(Rs. in lacs)	
	1999	1998
Sales	8516.86	6688.36
Profit before Interest and Depreciation	1417.18	1348.42
Less : Interest	726.48	625.19
Depreciation	573.28	543.60
Profit for the year	117.42	179.63
Less : Provision for Taxation	13.50	18.00
Profit after tax	103.92	161.63
Add : Balance brought forward from the previous year	416.11	315.09
Profit available for appropriation	520.03	476.72
Less : Dividend	33.09	33.09
Tax on Dividend	3.64	3.31
Retained Profits	483.30	440.32
Less : Transfer to General Reserve	24.61	24.21
Balance carried to Balance Sheet	458.69	416.11

2. DIVIDEND

In order to conserve the resources, the Directors recommend for your approval a Dividend of Re. 0.50 per share for the year ended 31st March, 1999.

The aggregate amount of dividend and tax thereon will absorb Rs. 36.73 lacs.

3. REVIEW OF OPERATIONS

As you are well aware the overall recession in the economy which hit all the industries where your company is also not an exception. Your Directors are pleased to inform that inspite of the adverse market conditions, poor economic growth, relatively sluggish global economy, the company could perform reasonably well.

The Company's Gross Profit increased marginally i.e. 5% to Rs. 1,417.18 lacs (Rs. 1348.42 lacs) and turnover registered impressive increases of 27% to Rs. 8516.86 lacs (Rs. 6688.36 lacs). The Company earned a net profit of Rs. 103.92 lacs despite the higher interest of Rs. 726.48 lacs (Rs. 625.19 lacs) and depreciation of Rs. 573.28 lacs (Rs. 543.60 lacs).

The Company has registered increase in exports by 66% to Rs. 4053.36 lacs as compared to Rs. 2437.94 lacs in the previous year.

4. PERFORMANCE OF DIVISIONS**MINING DIVISION**

The turnover of the mining division was marginally affected in view of continuous recessionary trend in construction industry but due to the expertise in the industry, your

Directors could able to balance the production resultant which your Company could able to maintain its profit margin.

In the Union Budget 1999-2000 many relief / concessions have been given to housing and infrastructure industry by which we expect the favourable growth in years to come.

SPINNING DIVISION (PRERNA SYNTAX) - (100% EOU)

The production and turnover at Prerna Syntax have been increased by 50% and 72% respectively.

Due to unseasonal rain during 1997-98 the cotton crop was poor and the cotton prices were at very high level through out the year 1998, consequently the margins remained under considerable pressure during the year. Cotton prices were at the peak on arrival season in November 1998 and were higher over corresponding period of previous year. On arrival of new crop cotton prices gradually reduced and some improvement witnessed in the industry since January 1999. The other cost such as power, interest etc. also squeezed the margins and on the otherhand sales prices were not favourable due to stiff competition in the global market. Your Directors are optimistic as the Company is getting frequent firm contract / enquiry from overseas buyers as our quality is acceptable to them.

5. ENVIRONMENT AND SAFETY**Environment**

Waste has always been big news in Kotah Stone Mining. Watching whatever we throw away at the end of production is almost as important as the finished product. Through its innovative mining technology, the Company has succeeded in reducing the waste during mining and also in utilising thick non-splittable waste layers by converting them in saleable product. Your company is one which makes their waste usable.

Providing clean, cool & healthy working environment has become an inbuilt policy of the Company. It has helped in improving productivity and reducing accidents. The Company is going ahead with its efforts in utilisation of land, soil & water available in its mining area. The portion of land, within its lease hold area, which would be required for extraction of Kotah Stone say after 10 years, is being densely afforested to create a green belt and nursed by water from mines.

Safety

A perfect house keeping at work place has been a big contributory factor in reducing personal injury to Company's employee while on work. Safety is in-built in all activities performed at Company's mines and works.

During the year Company received 14 Safety Awards for maintaining high safety standards on various subjects in cluding for overall best performance during 12th Mines Safety Week held in Ajmer Region in December 1998.

6. Y2K PREPAREDNESS

Your Directors are pleased to inform you that your Company has taken necessary steps to be Y2K compliant and it is expected that by September 1999 all the hardware being used by the Company would be Y2K compliant. The Software packages being used by accounts and other



department are also being checked and shall be made Y2K compliant by September 1999. Your Company, does not foresee any operational collapses due to Y2K problems. Your Directors do not envisage any major expenditure for Y2K compliance.

7. DIRECTORS

Shri. Tony Jatia, Shri. Chandulal D. Thakker and Shri. Narendra S. Karnavat, Directors of the Company, retire by rotation in accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company and being eligible, offer themselves for reappointment.

The Board have pleasure in informing you Shri. Tony Jatia, Managing Director has been re-elected as the Chairman of the Standing Committee for Building and Dimension Stone for the Federation of Indian Mineral Industries, New Delhi.

Shri I. C. Jain, Director of the Company resigned with effect from 19th May, 1999. The Directors place on record their appreciation for the valuable services rendered by him as member of the Board.

8. AUDITORS

Directors recommend appointment of M/s. B. L. Ajmera & Co., Chartered Accountants, retires as auditors of the Company at the ensuing Annual General Meeting and are eligible for reappointment.

9. STATUTORY INFORMATION

The statement of particulars pursuant to the Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this report. However as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956 the Report and Accounts are being sent to the shareholders of the Company excluding the statement of Particulars of Employees under Section 217 (2A) of the Act. Any shareholder desires to obtain a copy of the said statement may write to the Company Secretary at the Registered Office of the Company. Information pursuant to 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 is given in the Annexure to this Report.

The Company has been accepting deposits within the meaning of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Total amount of such Fixed Deposit as on 31st march, 1999 was Rs. 91.07 Lacs. Two Deposits amounting to Rs. 0.40 Lacs is lying unclaimed with the Company.

Pursuant to the provisions of Section 212 of the Companies Act, 1956, financial statements and other documents of subsidiary companies are annexed.

10. APPRECIATION

Your Directors places on record its gratitude to Company's valued Dealers, Customers, Suppliers, Central and State Government, Bankers, Financial Institutions, International Lenders, Members and Investing Public for their continued support and confidence in the Company.

On behalf of the Board of Directors

Mumbai,
29th May, 1999

NEMNATH JATIA
Chairman and Managing Director

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULE, 1988.

A. CONSERVATION OF ENERGY

MINING UNIT

The aforesaid information is not applicable to the Mining Unit. However, adequate measures have been taken for optimum utilisation of energy.

TEXTILE UNIT

a) Energy Conservation Measures taken

- i) Compressor air has been used in the machineries to obtain maximum energy saving.
- ii) Optimising illumination in the plant.
- iii) Low loss ballast in lighting tube fixtures have been used.
- iv) Humidification plants have been provided with computerised monitoring.
- v) 100% synthetic spindler tapes have been used in spinning.
- vi) Pneumatic pressure at Compressor outlet has been reduced.

b) Additional investments and proposals for reduction of consumption of energy :

A study is under progress for installation of D. G. Set for continuous production and to avoid dependency on State Electricity Board.

c) Impact of the above measures :

The above mentioned measures will result in energy saving and subsequent reduction in energy cost.

d) Total Energy Consumption and Energy consumption per unit of production.

	1998-99	1997-98
1. Power and Fuel Consumption		
Electricity		
a) Purchased		
Unit (KWH in lacs)	83.80	81.17
Total Amount (Rupees in lacs)	278.94	261.89
Rate / Unit (Rupees)	3.33	3.23
b) Own Generation		
(Through Diesel Generator)		
Unit (KWH in lacs)	79.94	64.39
Unit Per Ltr. of Diesel	3.37	2.99
Cost / Unit (Rupees)	2.88	2.91

2. Consumption Per Unit of Production

Electricity (KWH) Yarn (100kgs.)	354.39	473.07
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Associated Stone Industries (Kotah) Ltd.

TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT

MINING UNIT

Technical vitality has been maintained through new processes to get the job done with expertise, motivation, creativity, practice and awareness.

TEXTILE UNIT

1. Specific Areas

Optimising process for improvement of yield and quality of yarn, testing of raw material and finished products.

2. Benefits Derived

Improved results and better realisation.

Improved customers satisfaction was obtained due to improvement in product quality.

3. Plan of Action

The focus is on the improvement of the product. This will result in better quality, cost reduction and improvement in the profitability.

4. Expenditure of R & D

No Capital Expenditure has been incurred on R & D activities during the year under review.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made

Management has focused on productivity improvement, technical efficiencies and quality improvement in order to optimise manufacturing cost.

2. Benefits derived

Optimism manufacturing costs combined with improved quality of products resulting in enhanced customer satisfaction, improvement in existing process, commercialisation of technology, cost reduction, export promotion, etc.

3. Imported Technology

None

The Company has developed its product on its own.

FOREIGN EXCHANGE EARNING AND OUTGO.

Earning Rs. 2634.13 lacs

Outgo Rs. 136.21 lacs

On behalf of the Board of Directors

Mumbai,
29th May, 1999

NEMNATH JATIA
Chairman and Managing Director

AUDITORS' REPORT

To

The Members,

Associated Stone Industries (Kotah) Ltd.

Neemrana (Rajasthan).

We have audited the attached Balance Sheet of ASSOCIATED STONE INDUSTRIES (KOTAH) LTD., Neemrana as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and other companies (Auditors' Report) Order, 1988, issued by the Company Law Board, in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above :
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) 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 such books.
 - iii) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
 - iv) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss account read together with notes and accounting policies in Schedule 17 thereon, give a true and fair view :
 - a) In so far as it relates to the Balance Sheet of the state of affairs of the Company as on 31st March, 1999 and
 - b) In so far as it relates to the Profit and Loss Account of the profit of the Company for the year ended on that date.

For **B.L. AJMERA & CO.**
Chartered Accountants

Jaipur,
31st May, 1999.

SANJEEV MATHUR
Partner



ANNEXURE TO THE AUDITORS' REPORT FOR 1998-99

Referred to in paragraph 1 of our report of even date

1. The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. All the fixed assets have been physically verified by the management during the year. No discrepancies have been noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management.
4. In our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No material discrepancies have been noticed on such physical verification of stocks as compared to book records.
6. In our opinion the valuation of the above mentioned stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the earlier years.
7. The Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We have been informed that there is no Company under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
8. The rates of interest and the terms and conditions of the loans granted to Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are, in our opinion, prima facie not prejudicial to the interest of the Company. There is no Company under the same management as defined under sub-section (1B) of Section 370 of the said Act.
9. In respect of loans and advances in the nature of loans given by the Company, the parties to whom such loans and advances have been given are repaying the principal amount and the interest, wherever applicable regularly.
10. In our opinion, the Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. The Company has not made any purchase of goods and materials and sale of goods materials and services in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party.
12. As explained to us, the Company has a procedure for the determination of unserviceable or damaged stores, raw materials and finished goods.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the Public.
14. In our opinion the Company has maintained reasonable records for the sale and disposal of realisable scraps. The Company has no by products.
15. In our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business.
16. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained and are being made up. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
17. According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
18. No undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom duty and Excise Duty were outstanding as at the last day of the financial year for a period of more than six months from the date they become payable.
19. In our opinion and according to the explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a sick industrial company within the meaning of Clause (o) of Section 3 (1) of the Sick Industrial companies (Special Provisions) Act, 1985.
21. In respect of trading activities of Companies, we have been informed that there are no damaged goods.

For **B. L. AJMERA & CO.**
Chartered Accountants

JAIPUR,
31st May, 1999

SANJEEV MATHUR
Partner

Associated Stone Industries (Kotah) Ltd.**BALANCE SHEET AS AT 31ST MARCH, 1999**

	Schedule		As at 31.03.1999	(Rupees in Lacs) As at 31.03.1998
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	661.87		661.87
Reserves & Surplus	2	2595.94	3257.81	2528.75
				3190.62
LOAN FUNDS				
Secured	3	6421.44		6333.08
Unsecured	4	2421.41	8842.85	2054.39
			12100.66	8387.47
				11578.09
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	5	10659.48		9760.80
Less : Depreciation		2228.90		1791.95
Net Block		8430.58		7968.85
Capital Work-in-Progress		43.70	8474.28	157.54
				8126.39
INVESTMENTS	6		135.39	102.39
CURRENT ASSETS				
Inventories	7	1251.07		1521.56
Sundry Debtors		1290.42		1500.08
Cash & Bank Balance		272.43		284.01
		2813.92		3305.65
LOANS & ADVANCES				
	8	1695.71		1507.97
		4509.63		4813.62
Less : CURRENT LIABILITIES & PROVISIONS	9	1021.37		1467.43
Net Current Assets			3488.26	3346.19
MISCELLANEOUS EXPENDITURE				
Preliminary Expenses (to the extent not written off)			2.73	3.12
			12100.66	11578.09
Notes on Accounts & Accounting Policies	17			

As per our Report of even date

For **B.L. AJMERA & CO.**
Chartered Accountants**SANJEEV MATHUR**
PartnerJAIPUR
31st May, 1999**S.R. SONI**
Vice President & SecretaryMumbai
29th May, 1999

On Behalf of the Board of Directors

NEMNATH JATIA
Chairman & Managing Director**DEEPAK JATIA**
Vice Chairman & Managing Director**TONY JATIA**
Managing Director



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1999

		(Rupees in lacs)	
		For the year ended	
	Schedule	31.03.1999	31.03.1998
INCOME			
Sales	10	8516.86	6688.36
Other Income	11	126.98	137.00
Increase/(Decrease) in Stock	12	(85.07)	562.18
		<u>8558.77</u>	<u>7387.54</u>
EXPENDITURE			
Production and Other Expenses	13	5248.18	4466.80
Employees Remuneration and Benefits	14	1351.95	1138.90
Administrative and General Expenses	15	541.46	454.21
Interest	16	726.48	625.19
Depreciation		573.28	543.60
		<u>8441.35</u>	<u>7228.70</u>
Profit before Taxation		117.42	158.84
Provision for Taxation		13.50	18.00
Profit after tax		103.92	140.84
Add : Income Tax of earlier years		-	20.79
Add : Balance brought forward from previous year		416.11	315.09
Profit available for Appropriations		<u>520.03</u>	<u>476.72</u>
Appropriated to :			
i) General Reserve		24.61	24.21
ii) Proposed Dividend		33.09	33.09
iii) Tax on Dividend		3.64	3.31
iv) Balance Carried to Balance Sheet		458.69	416.11
		<u>520.03</u>	<u>476.72</u>

Notes on Accounts & Accounting Policies

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As per our Report of even date

On Behalf of the Board of Directors

For **B.L. AJMERA & CO.**
Chartered Accountants

NEMNATH JATIA
Chairman & Managing Director

SANJEEV MATHUR
Partner

S.R. SONI
Vice President & Secretary

DEEPAK JATIA
Vice Chairman & Managing Director

JAIPUR
31st May, 1999

Mumbai
29th May, 1999

TONY JATIA
Managing Director