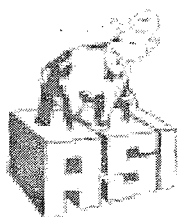


# **Associated Stone Industries (Kotah) Ltd.**

**61<sup>st</sup>**

**Annual Report  
2006-2007**



***The Stone Masters***

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

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**BOARD OF DIRECTORS**

DEEPAK JATIA, Chairman & Managing Director

SANWARMUL SHROFF

NARENDRA S. KARNAVAT

PADAM KUMAR PODDAR

SUNIL KUMAR GOENKA

ANITA JATIA (Alternate to SANWARMULL SHROFF)

**COMPANY SECRETARY**

H.N. BANERJEE

**MANAGEMENT EXECUTIVE**

S.C. AGARWAL, President

B.S. AGRAWAL, Vice President (*Sales*)

M.L. NAHAR, Vice President (*Commercial*)

PAWAN SONI, G.M. (*Finance & Accounts*)

GEORGE MATHEW, G.M. (*Import & Export*)

A.K. YADAV, G.M. (*Engineering*)



**AUDITORS**

M/s. B.L.AJMERA & CO.

Chartered Accountants,

M.I. Road, Jaipur- 302 001.

**BANKERS**

State Bank of Bikaner & Jaipur

**REGISTERED OFFICE**

Bazar No.1,

Ramganjmandi - 326 519

Rajasthan.

**HEAD OFFICE**

419-B, Kalbadevi Road, Joshiwadi,

2nd Floor, Mumbai - 400 002.

**WORKS**

Ramganjmandi - 326 519.

Dist. Kota - Rajasthan.

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

NOTICE is hereby given that the 61<sup>st</sup> Annual General Meeting of the members of **Associated Stone Industries (Kotah) Limited** will be held at the Registered Office of the Company at Bazar No.1, Ramganjmandi, Dist. Kota, 326519 (Rajasthan), on Friday, the 14<sup>th</sup> September, 2007 at 9.00 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2007 and Profit and Loss Account for the year ended on that date together with the reports of Directors and Auditors.
2. To appoint a Director in place of Shri. Padam Kumar Poddar, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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.

**SPECIAL BUSINESS:**

4. To appoint Shri Sunil Kumar Goenka, who was appointed as an Additional Director by the Board of Directors of the Company on 31.03.2007, pursuant to Article 110 of Articles of Association of the Company and who holds office under the said Article and Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting as a Director of the Company and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956, from a member signifying his intention to propose Shri Sunil Kumar Goenka as a candidate for the office of Director and 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 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Sunil Kumar Goenka be and is hereby appointed as a Director of the Company."

**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 Thursday, the 31<sup>st</sup> August, 2007 to Friday, 14<sup>th</sup> September, 2007, both days inclusive.
3. Pursuant to requirement of the Listing Agreement of the Stock Exchange relating to Corporate Governance, a statement containing details of Directors seeking appointment / re-appointment is attached herewith.
4. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business is annexed hereto.

By Order of the Board of Directors

**H. N. Banerjee**  
Company Secretary

26th June 2007

**Registered Office:**  
Bazar No. 1,  
Ramganjmandi,  
Dist. Kota, 326519  
(Rajasthan)



## Associated Stone Industries (Kotah) Ltd.

### **ANNEXURE TO NOTICE** **EXPLANATORY STATEMENT PURSUANT TO** **SECTION 173 OF THE COMPANIES ACT, 1956**

#### **Item No. 4**

Shri. Sunil Kumar Goenka was appointed as an Additional Director of the Company by the Board of Directors on 31<sup>st</sup> March, 2007, pursuant to the Article 110 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. Under the provisions of Section 260 of the Companies Act, 1956 and the said Article, he will hold office only upto the date of the ensuing Annual General Meeting. Shri Sunil Kumar Goenka is a businessman of repute and a Commerce Graduate, having expertise in Marketing & Administration. It is considered desirable that the Company should continue to avail of the benefits of his experience. As required under Section 257

of the said act, a notice has been received from a member signifying his intension to propose Shri. Sunil Kumar Goenka as a candidate for the Office of the Director.

Except Shri Sunil Kumar Goenka none of the other Directors are interested in this resolution.

By Order of the Board of Directors

26th June, 2007

**H. N. Banerjee**  
**Company Secretary**

**Registered Office:**  
Bazar No. 1,  
Ramgnajmandi,  
Dist. Kota 326519.  
(Rajasthan)

### **Details of Directors seeking appointment/reappointment in Annual General Meeting fixed for 14<sup>th</sup> September, 2007**

Name of Directors	Shri. Padam Kumar Poddar	Shri. Sunil Kumar Goenka
Date of Birth	17 April 1955	20 March 1960
Date of Appointment	06 May 2002	31 March 2007
Qualification	Textile Technologist, Training for Textile Texturising from Scragg Macclesfield, UK and Warp Knitting Technology from SASMIRA.	B. Com.
Expertise in specific functional areas	Textile	Marketing & Administration
List of Companies in which outside Directorship held	1) Green Field International Pvt. Ltd. 2) Sampoorana Exports Pvt. Ltd.	
Chairman / member of the Companies of the Board of Other Companies in which he is a Director	Nil	Member in: Pharmaceuticals Export Promotion Council Basic Chemicals Pharmaceuticals & Cosmetics Export Promotion Council

**ASSOCIATED STONE INDUSTRIES (KOTAH) LTD.**

Registered Office : Bazar No.1, Ramgnajmandi 326519.

Dist : Kota, Rajasthan.

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL

I/We, hereby record my/our presence at the 61<sup>st</sup> ANNUAL GENERAL MEETING of the Company held at Regd. Office Bazar No.1, Ramgnajmandi 326519. Dist : Kota, Rajasthan on Friday, the 14<sup>th</sup> September 2007 at 9.00 a.m.

NAME (S) OF THE MEMBER(S) OR PROXY / PROXIES IN BLOCK LETTERS

Registered Folio :

Jointly with

DP Id*	
Client Id*	

\_\_\_\_\_  
Signature

\* applicable for investors holding shares in electronic form.

----- CUT HERE -----

**ASSOCIATED STONE INDUSTRIES (KOTAH) LTD.**

Registered Office : Bazar No.1, Ramgnajmandi 326519.

Dist : Kota, Rajasthan.

**PROXY FORM**

I/We

of

hereby appoint

of . . . . . or failing him . . . . .

of . . . . . as my/our Proxy to attend and vote for me/us on my/our behalf at the 61<sup>st</sup> Annual General Meeting of the Company to be held on Friday, the 14<sup>th</sup> September, 2007, at 9.a.m. and at any adjournment thereof.

As witness my and/or hands this . . . . . day of . . . . . 2007

Signed by the Said . . . . .

Affix one Rupee Revenue Stamp
--

NOTE : This Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting

Ledger Folio No.. . . . . No. of Shares . . . . .

DP Id*	
Client Id*	

\* applicable for investors holding shares in electronic form.



## DIRECTORS' REPORT

To  
The Members,  
**Associated Stone Industries (Kotah) Limited**

The Directors have pleasure in presenting the 61<sup>st</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2007:

### 1. FINANCIAL RESULTS

	(Rs. in lacs) 2007
Sales	<u>7444.92</u>
Profit before Interest and Depreciation	<u>702.85</u>
Less: Interest	<u>154.26</u>
Depreciation	<u>252.36</u>
Profit / (Loss) for the year	<u>296.23</u>
Prior Year Income / (Expenses)	<u>3.65</u>
Profit / (Loss) before Taxation	<u>299.88</u>
Provision for Taxation	
Current Tax	(161.45)
Fringe Benefit Tax	(5.31)
Deferred Tax	<u>(23.55)</u>
Profit / (Loss) after tax	<u>109.57</u>
Add: Balance brought forward from the previous Year	<u>377.50</u>
Balance carried forward to Balance Sheet	<u>487.07</u>

### 2. DIVIDEND

The Board of Directors do not recommend dividend for the year.

### 3. REVIEW OF OPERATIONS

The turnover for the year was Rs. 7444.92 Lacs compared to Rs. 6516.21 Lacs in the previous year.

The deferred tax has been provided in accordance with Accounting Standard 22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India for the current year ended 31<sup>st</sup> March, 2007. Timing differences have resulted in net Deferred Tax credit amounting to Rs. 23.55 Lacs which is adjusted to the provisions for taxation for the year.

### 4. PERFORMANCE

Scientific and systematic planning, execution of working at the quarry floor and processing unit has enabled us in achieving yet another record production and sale.

During the year 2006-07, the Company (Mining) has registered a turnover of Rs. 7444.92 Lacs (Rs. 6516.21 Lacs), Gross Profit of Rs. 702.85 Lacs (Rs. 940.78 Lacs).

The profit during the year 2006-07 has been Rs. 296.23 Lacs as compared to Rs. 641.58 Lacs during last year 2005 - 06.

### 5. DEMERGER

The Scheme of Arrangement for demerger of the Spinning Unit of the Company became effective on February 21, 2007. As per the Scheme, all the Assets and Liabilities of the Spinning Unit of the Company stands transferred to and vested in Vast Textiles Limited with effect from the Appointed date i.e. October 16, 2005. The financial results for the year ended March, 2007 are the results of the Company after giving effect to the scheme of demerger. The results for the previous year ended March, 2006 have also been restated to give effect to the demerger and consequently do not include the results of Spinning Unit.

### 6. REVALUATION RESERVE

The Company has been acquiring land year by year for its business purpose since last 5-6 decades and showing the same in the financial statement on historical cost basis. To reflect comprehensively the effect of changing prices and to give realistic appraisal in present market scenario, it has been decided to revalue a class of assets namely 'Land' through a competent external valuer. M/s. T. S. Consultants & Advisers has been appointed for revaluation of land lying as on 31.03.2007 in the books of accounts at fair market price. As per valuation report land has been restated at Rs. 9655.62 Lacs in the financial statement against the cost of acquisition of Rs. 362.46 Lacs and accordingly a revaluation reserve has been created by Rs. 9293.16 Lacs as mentioned in Schedule 2, "Reserve & Surplus" after giving the corresponding effect in Schedule -5 "Fixed Assets".

**Associated Stone Industries (Kotah) Ltd.****7. ENVIRONMENT SAFETY & HEALTH**

The Company strives to ensure that its mining activities have least effect on environment and Dust & Noise pollution bare minimum. For this thousands of trees have been planted on waste land on the mines turning them into lush pockets of greenery. For Health and Safety of its employees the company gives priority to safety at work place and continues to monitor and measure efforts made and improve position where required. The Company deploys highly mechanized and Technological safety equipments resulting into highest safety standards and mining of waste zone.

**8. CORPORATE GOVERNANCE**

The Company has complied with all mandatory provisions of Corporate Governance as prescribed under the Listing Agreement.

A separate report on Corporate Governance is produced as a part of the Annual Report along with Auditors' Certificate on its compliance.

**9. DIRECTORS' RESPONSIBILITY STATEMENT**

As stipulated in Section 217(2AA) of Companies Act, 1956, your Directors subscribe to the "Directors Responsibility Statement" and confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

**10. DIRECTORS**

Shri. Padam Kumar Poddar retires by rotation in accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company but being eligible, offer himself for reappointment.

Due to demerger of Spinning Division the Board of Directors is reconstituted. As such, Shri Tony Jatia, Managing Director, Shri Ketan M. Shah, Director and Shri Surendra Mohatta, Director resigned from directorship of the Company w.e.f. 31.03.2007.

Shri Sunil Kumar Goenka was appointed by the Board as Additional Director in the Company, w.e.f. 31.03.2007.

The approval of the Members is sought for the appointment of Shri. Sunil Kumar Goenka, as Director of the Company, as set out in the Notice and Explanatory Statement thereto.

**11. AUDITORS**

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

**12. STATUTORY INFORMATION**

The information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

The 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 in Annexure.

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. The Fixed Deposits as on 31st March, 2007 was Rs. 184.83 Lacs.

**13. APPRECIATION**

Your Directors place on record their gratitude to Central and State Governments, Bankers, Financial Institutions, Customers, Staff & Workers, Members and Investing Public for their continued support.

On behalf of the Board of Directors

Mumbai  
26<sup>th</sup> June, 2007

**Deepak Jatia**  
Chairman & Managing Director





## ANNEXURE TO DIRECTORS' REPORT

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

### CONSERVATION OF ENERGY

The aforesaid information is not applicable to the Company. However, adequate measures have been taken to ensure for optimum utilisation of energy through improved and operational practices.

### TECHNOLOGY ABSORPTION / RESEARCH & DEVELOPMENT

Company has taken up research project for improving the production and minimizing the breakage ratio to increase the yield. The Company also achieved higher yield by commercially working on part of the overburden waste zone and the efforts have been proved to be successful. The Company is making R&D efforts continuously to make commercial use of the waste stone which other wise is adding to dumps only.

#### 1. Benefits Derived

Quality production, customer satisfaction, better realisation and development of new markets.

#### 2. Imported Technology

None. The company has developed its product on its own.

### FOREIGN EXCHANGE EARNING AND OUTGO.

The relevant figures pertaining to Foreign Exchange Earning and Outgo are given in notes on accounts annexed to and forming part of Balance Sheet.

On behalf of the Board of Directors

Mumbai  
26th June, 2007

**Deepak Jatia**  
**Chairman & Managing Director**

## MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the Company's financial statements and related notes appearing elsewhere. The discussion is not necessarily indicative of the results that the Company will achieve in future period.

### OVERVIEW

The Company has to abide by the norms of Environment and Mines Safety and follow the labour laws for which the management is vigilant for strict compliance of rules and regulations. Various Government authorities State & Central are keeping close monitoring of the Environment & Safety standards for which the Company is being appreciated for its efforts by these authorities. The Company is maintaining its performance in quality standards matching to the market requirements and expectations and is able to achieve the desired results.

### REVIEW :

Financial results for the year ended 31<sup>st</sup> March, 2007 are as under:-

PARTICULARS	(Rs. in Lacs)	
	<u>2007</u>	<u>2006</u>
Sales	<u>7444.92</u>	<u>6516.21</u>
Profit before interest & depreciation	702.85	940.78
Less: Interest	154.26	50.86
Depreciation	<u>252.36</u>	<u>248.34</u>
Profit / (Loss) for the year	296.23	641.58
Less: Prior Year Income/ Expenses	<u>3.65</u>	<u>(66.55)</u>
Profit / (Loss) before Tax	299.88	575.03
Provision for Taxation	(190.31)	(122.86)
Net Profit / (Loss)	109.57	452.17

Kotah Stone is the best eco-friendly building material and being used extensively in big Industrial and Commercial projects besides housing. Its inherent natural properties fixed its superiority over other flooring or material.

### INDUSTRY OUTLOOK

Industrial Outlook in general is encouraging. The Company maintains its leadership in production of Kotah stone accounting for more than 35% of country's total production. There is a good demand of Company's product from the institutions i.e. Hospitals, Malls,



## Associated Stone Industries (Kotah) Ltd.

Airports, Railway Stations and Housing Complexes. The Company is achieving highest standards of performance by surpassing its own record every year which stands testimony of its performance.

### OPPORTUNITIES AND THREATS

The Company does not see any immediate threat to the Kotah Stone Industry except increasing cost of production which will be taken care of by employing fuel efficient, proper maintenance of plant and machinery and increase the production by improving yield of Kotah Stone.

### PERFORMANCE AND REVIEW OF OPERATIONS

Scientific and systematic planning and execution of working at the quarry floor the Company maintained its production and Sales volumes. The production during the year is 107.13 Sq. Mtrs. as compared to 108.73 Sq. Mtrs. during the previous year. The Company is making continuous efforts for improving its productivity through better operating efficiency and mineral recovery. It has proved to be successful in its efforts to work out part of present overburden zone for recovery of commercial production of Kotah Stone.

### RISK AND CONCERNS

The Company does not foresee any risk in near future. However, changes in Government policies and slow down, if any, in construction and allied industries may affect profitability of the Company.

### INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control systems and procedures with regard to purchase of stores, component, plant and machinery, mining equipments and sale of goods, other assets, etc. essential to prepare financial statements.

There is an internal audit, including inbuilt internal audit system for review by the management.

### MATERIAL DEVELOPMENT IN HUMAN RESOURCES

With the updating of the Working Technology, training programme becomes essential. Regular classroom lectures on Safety, Environment and on Job Training are being conducted by the Company to increase Environment Awareness and to upgrade the skill of its large workforce of over 3,000. This has helped in cost cut, improvement of productivity and optimum utilization of Company's resources.

The Company maintained harmonious and cordial industrial relations throughout the year.

## CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

### A. MANDATORY REQUIREMENTS

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company has been practicing the principle of good Corporate Governance since inception.

The Company's philosophy on Corporate Governance envisages transparency, accountability, and equity, in all facets of its operations, including the shareholders, employees, the government and lenders.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value, over a period of time.

#### 2. BOARD OF DIRECTORS

##### Composition and category

The Company's Board as on date consisted of Four Non-Executive and One Executive Director. The details are as under:-

Name of Director	Category of Directorship	Number of other Directorships (#)	Number of outside Committees	
			Chairman	Member
Shri. Deepak Jatia Chairman & Managing Director	Promoter / Executive	3	-	-
Shri. S. M. Shroff	Independent / Non-Executive	3	-	-
Shri. N. S. Karnavat	Independent / Non-Executive	3	-	1
Shri. Padam Kumar Poddar	Independent / Non-Executive	-	-	-
Shri. Sunil Kumar Goenka	Independent / Non-Executive	-	-	2
Smt. Anita Jatia	Alternate Director to Shri. S. M. Shroff	-	-	-

(#) excludes Directorships in Indian Private Limited Companies.



### Attendance of each Director at the Board Meetings and the last Annual General Meeting

During the financial year ended 31<sup>st</sup> March, 2007, Six Board Meetings were held on 15<sup>th</sup> June 2006, 26<sup>th</sup> July 2006, 31<sup>st</sup> October 2006, 30<sup>th</sup> January 2007, 21<sup>st</sup> February 2007 & 31<sup>st</sup> March 2007. The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) are as under:

Name of the Director	No. of Board Meeting Attended	Attendance at last AGM held on 29 <sup>th</sup> September, 2006
Shri. Deepak Jatia	6	Present
Shri. Tony Jatia (Resigned w.e.f. 31.03.2007)	6	Present
Shri. Ketan M. Shah (Resigned w.e.f. 31.03.2007)	5	Present
Shri. Padam Kumar Podar	6	-
Shri. N. S. Karnavat	4	Present
Shri. S. M. Shroff	-	-
Smt. Anita Jatia (Alternate to Shri. S. M. Shroff)	1	-
Shri. Surendra Mohatta (Resigned w.e.f. 31.03.2007)	1	-
Shri. Sunil Kumar Goenka (appointed w.e.f. 31.03.2007)	1	-

### 3. AUDIT COMMITTEE

The Board constituted an Audit Committee of Directors comprising Members well versed in finance & accounts / legal matters and general business practices. During the Financial Year ended 31<sup>st</sup> March 2007, Four Audit Committee Meetings were held on 15<sup>th</sup> June 2006, 26<sup>th</sup> July 2006, 31<sup>st</sup> October 2006, 30<sup>th</sup> January 2007.

The composition of the Audit Committee and attendance at each meeting is as under:-

Name of the Directors	Category	No. of Meetings Attended
Shri. N. S. Karnavat	Chairman	3
Shri. Padam Kumar Poddar	Member	4
Shri. Ketan M. Shah (resigned w.e.f. 31.03.2007)	Member	4
Sunil Kumar Goenka (appointed w.e.f. 31.03.2007)	Member	-

#### Broad terms of reference

The terms of reference of this Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee include the following:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
  - i) Any changes in accounting policies and practices.
  - ii) Major accounting entries based on exercise of judgement by management.
  - iii) Qualifications in draft audit report.
  - iv) Significant adjustments arising out of audit.
  - v) The going concern assumption.
  - vi) Compliance with stock exchange and legal requirements concerning financial statements.
  - vii) Compliance with accounting standards.
  - viii) Any related party transaction i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- f. Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- g. Reviewing the Company's financial and risk management policies.
- h. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.