



**Stone India Limited**

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**Report  
and  
Accounts  
2000-2001**

**DUNCAN GOENKA**

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## BOARD OF DIRECTORS

### CHAIRMAN

G. P. GOENKA

### DIRECTORS

S. RAY

SHRIVARDHAN GOENKA

I. SEN

R. L. GAGGAR

### A. RAY

Managing Director

### SECRETARY

J. BISWAS

### MANAGEMENT COMMITTEE

### A. RAY

Managing Director

S. L. AHUJA  
Vice President  
Marketing

D. DAS  
Vice President  
Manufacturing

BINAYAK DATTA  
Vice President  
Finance

J. BISWAS  
Secretary

B. BHATTACHARYA  
General Manager  
Technical

### BANKERS

STANDARD CHARTERED GRINDLAYS BANK LTD.

STATE BANK OF INDIA

PUNJAB NATIONAL BANK

### SOLICITORS

ORR, DIGNAM & CO.

### REGISTERED OFFICE

16, Taratalla Road

Kolkata-700 088, Ph : 401-4661 – 68

Fax : 401-4886, E-Mail : stonein@cal.vsnl.net.in

### AUDITORS

M/S. LODHA & CO.

### FACTORY

16, Taratalla Road, Kolkata-700 088, Ph : 401-4661 – 668

Fax : 401-4886, E-Mail : stonein@cal.vsnl.net.in

### BRANCHES

#### New Delhi

Hindustan Times Building  
12th Floor  
18-20 Kasturba Gandhi Marg  
New Delhi-110 001  
Ph : 011 335 5007  
Fax : 011 335 5008  
E-Mail : flower@del2.vsnl.net.in

#### Chennai

749, Annasalai  
2nd Floor, Post Box No. 3757  
Chennai-600 002  
Ph : 852-2825  
Fax : 852-1945  
E-Mail : sil@md2.vsnl.net.in

#### Mumbai

Stadium House, 3rd Floor  
81/83, Veer Nariman Road  
Mumbai 400 020  
Ph : 287-0886, 282-0012, 282-1312  
Fax : 202-1228  
E-Mail : stonind@bom3.vsnl.net.in



## NOTICE

Notice is hereby given that the SEVENTY-FIRST ANNUAL GENERAL MEETING of the members of the Company will be held at the 4th Floor of Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata 700 017 on Wednesday, 29th August 2001 at 3 P.M. to transact the following business :

1. To receive and adopt the Profit and Loss Account of the Company for the year ended 31st March 2001 and the Balance Sheet of the Company as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shrivardhan Goenka, who retires by rotation, and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and to authorise the Board of Directors of the Company to fix their remuneration.

### Special Business :

To consider and, if thought fit, to pass with or without modification the following Resolutions :

4. As an Ordinary Resolution :  
"That Mr. A. Ray be and he is hereby appointed a Director of the Company."
5. As an Ordinary Resolution :  
"That the Company hereby approves the appointment and remuneration of Mr. A. Ray as the Managing Director of the Company for a period of three years from 15th January 2001 upon the terms and conditions set out in the Agreement to be made between the Company of the one part and Mr. Ray of the other part, a draft of which initialled by the Chairman for the purpose of identification is placed before the Meeting."

### Registered Office :

16, Taratalla Road  
Kolkata 700 088  
Dated the 29th June, 2001

By Order of the Board

**J. BISWAS**  
Secretary

### 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 a proxy need not be a member of the Company. Proxies in order to be effective, must be received by the Company at its Registered Office not less than **48 hours before the meeting**.
- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 24th August 2001 to Wednesday, 29th August 2001, both days inclusive.
- (3) The Shareholders are informed that pursuant to Section 205A (5) of the Companies Act, 1956 all unpaid/unclaimed dividends for and upto and including the Company's Financial Year 1994/95 ended on 31st March 1995 have been transferred to the General Revenue Account of the Central Government. The concerned shareholders are requested to prefer their respective claims thereto to the Registrar of Companies, West Bengal, 234/4, Acharya J.C. Bose Road, Nizam Palace, Kolkata 700 020 in the prescribed Form in duplicate. Company Registration Number being 21-06996. Members desiring any assistance in the matter can get in touch with the Share Department of the Company at its Registered Office at 16, Taratalla Road, Kolkata 700 088.
- (4) Those members who have so far not encashed their Dividend Warrants for the Company's Financial Year 1995/96, 1996/97, 1997/98 and 1998/99 (no Dividend declared for 1999/2000) may claim to the Company for payment along with unencashed Dividend Warrants lying with them, if any. Members desiring any assistance in the matter can get in touch with the Share Department of the Company.
- (5) Members are requested to notify immediately change of their addresses, if any, to the Company's Share Department so that future communications can be correctly despatched.  
Mr. J. Biswas, Company Secretary, is the Compliance Officer in terms of Clause 12B of the Listing Agreement with the Stock Exchanges. Members may communicate with the Compliance Officer in relation to any query pertaining to their shareholdings.
- (6) As per the provisions of the Companies Act, 1956 the facility for making nominations is now available to Members and Debentureholders in respect of the shares and debentures. Nomination forms can be obtained from the Registered Office of the Company, in case they hold the same in physical form. If they are holding the Shares in dematerialised form they may contact their respective Depositories for such nomination.
- (7) Members holding more than one Share Certificate in the same name and in the same order of names but under different Ledger Folios, are requested to apply for consolidation of such Folios and send their all relevant Share Certificates to the Share Department of the Company by Registered Post at the earliest in case they desire to hold shares in physical form in the Company.
- (8) Members are requested to produce the accompanying Attendance Slip at the entrance of the Meeting Hall and bring their copies of the Annual Report to the Meeting as extra copies will not be supplied
- (9) Re-appointment of Director :  
At the ensuing Annual General Meeting, Sri. Shrivardhan Goenka retires by rotation, and being eligible, offers himself for re-appointment. Sri Shrivardhan Goenka has been a Director of the Company since 25th November 1997. A Commerce Graduate from the Calcutta University, Mr. Goenka has also undergone a General Management Course from the University of Pennsylvania, U.S.A. Consolidated Fibres & Chemicals Ltd. and Odyssey Travels Ltd. constitute his other Directorships.
- (10) An Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of the above items of Special Business is annexed hereto.



## EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

### Item 4 :

Pursuant to Article 88 of the Company's Articles of Association read with Section 260 of the Companies Act, 1956 ('the Act') the Board of Directors of the Company ('the Board') by a Resolution passed by circulation on 12th January 2001 appointed Mr. A. Ray as an additional Director of the Company with effect from 15th January 2001.

Under the said Article read with Section 260 of the Act Mr. Ray will hold office upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received Notice in writing in terms of Section 257 of the Act from a member signifying her intention to propose the appointment of Mr. Ray as a Director of the Company. Mr. Ray is willing to act as Director of the Company, if appointed and has filed with the Company his consent in writing pursuant to Section 264(1) of the Act.

The Board considers that the appointment of Mr. Ray as a Director of the Company would prove beneficial to the Company, and accordingly, recommends the Resolution set out in Item 4 of the convening Notice.

No Director of the Company except Mr. Ray is concerned or interested in the Resolution.

### Item 5 :

The former Managing Director Mr. V. K. Kakkar resigned with effect from 15th October 2000.

By a Resolution passed by circulation on 12th January 2001 the Board appointed Mr. A. Ray as the Company's Managing Director for three years with effect from 15th January 2001.

The terms and conditions of appointment of Mr. Ray as the Company's Managing Director are embodied in the Agreement ('the Agreement') to be made between the Company and Mr. Ray, the material terms of which may be summarised as follows :

1. Mr. Ray shall be the Managing Director of the Company for a period of 3 years with effect from 15th January 2001, renewable thereafter for further period subject to mutually agreed terms.
2. Mr. Ray shall devote the whole of his time and attention to the business and affairs of the Company and shall subject to the superintendence, control and direction of the Board have substantial powers of Management and shall perform the duties and exercise the powers referable or in relation thereto. He shall also perform such other duties and exercise such further powers as may from time to time be entrusted to or conferred upon him by the Board.
3. In consideration of his services Mr. Ray shall be entitled to the following by way of remuneration :

#### (i) Salary :

At the rate of Rs. 40,000/- (Rupees Forty thousand only) per month.

#### (ii) Commission/Performance Bonus :

At the rate of 1% (one per cent) of the net profits of the Company of the relevant year computed in the manner laid down in Section 309(5) of the Companies Act, 1956 subject to the maximum of six months' salary per annum. If there is no profit, he may receive Performance Bonus upto a maximum of six months' salary per annum as decided upon by the Chairman.

#### (iii) Perquisites :

- (a) House Rent Allowance at the rate of Rs. 24,000/- (Rupees Twenty-four thousand only) per month. Furnishings as per Rules of the Company.
- (b) The expenditure incurred on gas and electricity will be reimbursed upto a maximum amount of Rs. 3,000/- (Rupees Three thousand only) per month.
- (c) Reimbursement of Medical Expenses incurred for self and family subject to a ceiling of one month's salary per annum.
- (d) Leave Travel Assistance at the rate of Rs. 40,000/- (Rupees Forty thousand only) per annum subject to the Income Tax Rules, 1962.
- (e) Monthly subscription of one club.



- (f) Payment of Premium on account of Group Accident Insurance Policy and Medical Insurance Scheme in accordance with the Rules of the Company from time to time in force as applicable to the Senior Executives of the Company.
- (g) Reimbursement of actual entertainment expenses upto Rs. 5,000/- (Rupees Five thousand only) per month.
- (h) Car for use on the Company's business and telephone at residence provided that personal long distance calls on the telephone and use of car for private purpose shall be billed by the Company to him.

In the event of absence or inadequacy of profits of the Company in any financial year during the term of Mr. Ray's appointment he shall for that year receive the same remuneration as above within the ceiling limits laid down in Paragraphs 1 and 2 of Section II of Part II of Schedule XIII to the Act.

Mr. Ray shall also be entitled to leave in accordance with the Rules of the Company from time to time in force as applicable to the Senior Executives of the Company and be entitled to encashment of unavailed of leave at the end of his term of office.

The Agreement provides *inter alia* for earlier determination by either party by giving or paying to the other six months' notice in writing or six months' salary in lieu thereof and also sets out the mutual rights and obligations of the parties and other administrative details.

The appointment and remuneration of Mr. Ray as the Company's Managing Director require the approval of the members of the Company in General Meeting in terms of Paragraph (1) of Part III of Schedule XIII to the Act and the remuneration payable also requires the approval of members of the Company in General Meeting under Section 309 of the Act.

The appointment of Mr. Ray on the terms proposed satisfies the conditions laid down in Parts I and II of Schedule XIII to the Act and the requisite Return in the prescribed form (along with a Certificate under Paragraph (2) of Part III of the said Schedule) under Section 269(2) of the Act has already been filed by the Company with the Registrar of Companies, West Bengal.

Mr. A. Ray graduated in Mechanical Engineering from Bengal Engineering College in 1963 and has over 37 years of experience in Contracts, Project Management, Construction Management, Manufacturing and General Management. He joined Babcock & Wilcox of India Limited and subsequently served Babcock and Wilcox in the UK for two years. Upon his return to India, he worked with ACC Vickers Babcock Limited at Durgapur. He had very close interaction with various Electricity Boards, Consultants, Overseas Collaborators, major local and foreign vendors for engineering and techno-commercial matters. Mr. Ray took a leading part in indigenization of 220 MW Boiler Units. Mr Ray, one of the youngest General Manger of ACC Vickers Babcock Ltd., took over the responsibility of the Project Management Division. He subsequently held for one year, the dual responsibility of the Construction Company in Calcutta and the Project Division at Durgapur. Mr. Ray subsequently served as the Wholetime Director and the Chief Executive Officer of ABB ABL Projects Ltd., Calcutta. Later as General Manager, he looked after the Industrial Air Handling business of Asea Brown Boveri Ltd. having a factory each in Calcutta and Chennai for making Industrial Fans. For all such assignments, Mr. Ray had visited the USA, UK, France, Germany, Indonesia, Bangladesh, Czech Republic, Switzerland, Sweden amongst other countries from time to time.

The Board considers that having regard to his background and experience the appointment and remuneration of Mr. Ray as the Managing Director of the Company are justified.

The Resolution set out in Item 5 of the convening Notice has to be considered accordingly and the Board recommends the same.

A draft of the Agreement referred to in the Resolution set out in Item 5 of the convening Notice will be available for inspection by the members of the Company at its Registered Office on any working day prior to the date of the Meeting during usual business hours and will also be available at the Meeting.

No Director of the Company except Mr. Ray is concerned or interested in the Resolution.

This may also be regarded as an abstract of Mr. Ray's terms of appointment as Managing Director of the Company and Memorandum of Interest in terms of Section 302 of the Act.

**Registered Office :**

16, Taratalla Road  
Kolkata 700 088

Dated the 29th June, 2001

By Order of the Board

**J. BISWAS**  
Secretary



## REPORT OF THE DIRECTORS

### THE MEMBERS OF STONE INDIA LIMITED

The Directors present the Seventy-first Annual Report of your Company and the audited Statement of Accounts for the year ended 31st March 2001.

### FINANCIAL RESULTS

|  | (Rs. in lacs) |         |
|--|---------------|---------|
|  | 2000-01       | 1999-00 |
| Gross Turnover (including Excise)                                  | 3241          | 3751    |
| Profit for the year before tax                                     | (312)         | (100)   |
| (-) Extraordinary Charges  | (706)         | -       |
| Provision for Taxation   | -             | -       |
| Profit after Taxation  | (1018)        | (100)   |
| Balance brought forward from previous year                         | 108           | 245     |
| Amount available for appropriation                                 | (910)         | 145     |
| Which the Directors have recommended to be appropriated as under : |               |         |
| Proposed Dividend  | -             | -       |
| Tax on Dividend  | -             | -       |
| Transfer to General Reserve  | -             | -       |
| Debenture Redemption Reserve                                       | -             | 37      |
| Leaving a balance to be carried forward                            | (910)         | 108     |
|  | (910)         | 145     |

As a result of continued depressed market conditions, there was a setback in the workings of your Company. The extraordinary charges relate to provision made for diminution in values of Investments held by your Company.

### DIVIDEND

Considering the performance for the year, your Directors do not recommend a Dividend for the year ended 31st March 2001.

### OPERATIONS

In spite of the continued depressed market, owing to procurement curtailment by the Indian Railways, your Company managed to sustain the Railway business with a marginal drop over the previous year. As a consequence of the depressed market, your Company's profitability was also adversely affected. However, your Company has an order book of Rs. 22 Crores as at year end. Owing to introduction of new battle tanks and changed requirements of the Defence Department, the production of defence items was also adversely affected during the year leading to a significant drop in this segment. However, your Company suitably addressed the changes required by the customers and it is expected that this business shall improve in the coming years.

### 18.5% & 16% SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES

The fund raised by your Company by issue of the abovesaid Debentures to meet the long-term working capital requirements/ cost of the Projects of the Company are being utilised for the purpose.

### ENERGY CONSERVATION

Energy saving measures have been continuously introduced and kept up to control the overall energy consumption.

### STATUS ON Y2K

As reported last year, in line with the well laid out plans to tackle the Y2K Issue, there was no disruption to any of the business processes of the Company.





## REPORT OF THE DIRECTORS (Contd.)

### FOREIGN EXCHANGE EARNING AND OUTFLOW

Export orders for Braking System for Australia were executed during the year and were well received by the customers. The foreign exchange earnings during the year was Rs. 7 lacs against Rs. 6 lacs in the previous year and the outflow was Rs. 165 lacs against Rs. 44 lacs in the previous year.

### PERSONNEL

Industrial relations continued to remain cordial. The Charter of Demands placed by the two recognised Factory Unions are under negotiation. The Charter of Demands placed by one recognised Office Union will also come up for negotiation in due course.

The Directors wish to place on record their appreciation for the valuable contribution of employees at all levels in the organisation.

Your Company continues to train its employees at all levels and throughout the organisation as a part of its human resource development activities to make the organisation competitive in the face of rising competition.

A statement pursuant to Section 217 (2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975 forms part of this Report and is annexed hereto.

### PARTICULARS UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

Form No. B pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 so far as is applicable to the Company is annexed and forms a part of this Report.

### DIRECTORS

Mr. Shrivardhan Goenka has stepped down on 16th August 2000 from his post of Wholtime Director in the Company, but he is continuing as a Director of the Company.

Mr. Shrivardhan Goenka retires by rotation and, being eligible, offers himself for re-appointment.

Dr. R. Srinivasan resigned from the Board with effect from 22nd August 2000. The Directors place on record their appreciation of the valuable advice and guidance received from Dr. Srinivasan during his tenure of office as a Director of the Company.

Mr. V. K. Kakkar, the former Managing Director, resigned from the services of the Company with effect from 15th October 2000 and also resigned from the Board as from the said date. The Board records its appreciation of the valuable services rendered by him.

Mr. A. Ray has been appointed an additional Director with effect from 15th January 2001. Mr. Ray will hold office as an additional Director upto the date of the ensuing Annual General Meeting. The Company has received Notice in writing in terms of Section 257 of the Companies Act, 1956 from a member signifying her intention to propose the appointment of Mr. Ray as a Director of the Company.

Mr. Ray has also been appointed as the Managing Director of the Company with effect from 15th January 2001 for three years in place of Mr. Kakkar.

Mr. K. S. B. Sanyal resigned from the Board with effect from 18th May 2001. The Directors wish to place on record their appreciation of his valuable contribution throughout his association with the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that :

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





## REPORT OF THE DIRECTORS (Contd.)

iv) the Directors had prepared the Annual Accounts on a going concern basis.

### LISTING OF EQUITY SHARES

Your Company's Equity Shares are listed on the Stock Exchanges at Kolkata, Mumbai, Delhi and Ahmedabad. There is no arrear in listing fee payment to such Stock Exchanges.

### DEMATERIALISATION OF SHARES

You have already been informed by your Company vide its Notice dated 20th November 2000 that the Securities and Exchange Board of India (SEBI) has made the trading of the Shares of your Company compulsory in dematerialised form with effect from 27th November 2000. Accordingly, your Company has enlisted its Shares with both the Depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for providing you an opportunity to opt for a safer and more convenient mode of holding and trading of your Company's Shares in an electronic environment.

### CORPORATE GOVERNANCE

The Stock Exchanges have amended the Listing Agreement by incorporating a new Clause 49 by which all the listed companies have been directed to comply with Corporate Governance Code in a phased manner. The said Corporate Governance Code will become applicable to your Company during the Financial Year 2001-2002, but not later than 31st March 2002. Your Company is taking necessary steps to put in place the system of Corporate Governance within the abovesaid time limit.

### AUDIT COMMITTEE

An Audit Committee of your Company has been formed consisting of three Directors.

### AUDITORS

Messrs. Lodha & Co. retire and offer themselves for re-appointment. The observations made by the Auditors in their Report have been dealt with and explained in the Notes to the Accounts in Schedule 23.

### SUBSIDIARY COMPANY

The Statement pursuant to Section 212 of the Companies Act, 1956 and the Annual Report & Accounts of Skylark Rubber Products Ltd., now a wholly owned subsidiary of the Company, together with the Auditors' Report for the year ended 31st March 2001 are attached.

### ACKNOWLEDGEMENT

The Directors appreciate the continued assistance and co-operation of the Company's Bankers and of the Financial Institutions and Collaborators.

The Directors also express their gratitude to the shareholders of the Company for the confidence reposed by them in the Management of the Company.

For and on behalf of the Board

**G. P. GOENKA**  
Chairman

Kolkata, 29th June, 2001



## REPORT OF THE DIRECTORS (Contd.)

### ANNEXURE TO THE REPORT OF THE DIRECTORS

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended March 31, 2001

| Name          | Age (Years) | Designation/<br>nature of<br>duties | Remuneration<br>Rs. | Qualification and<br>Experience (Years)                | Date of<br>Commence-<br>ment of<br>Employment | Previous<br>Employment  |
|---------------|-------------|-------------------------------------|---------------------|--|---|---|
| Ahuja S. L.   | 56          | Vice-President<br>(Marketing)       | 7,40,784.00         | O.N.C. (U.K.)<br>B.Sc., (Engg.)<br>(Hons.) (U.K.) (31) | 02.01.88                                      | Regional Manager<br>Raychem India   |
| Das D.        | 56          | Vice-President<br>(Manufacturing)   | 7,14,369.00         | BME, M.A. (Leeds,<br>U.K.), FMS (London)<br>(32)       | 16.03.96                                      | Joint Vice-President<br>(Mfg.), Paharpur<br>Cooling Towers Ltd.                       |
| Datta Binayak | 49          | Vice-President<br>(Finance)         | 6,94,068.00         | B.Com. (Hons.), FCA<br>(28)                            | 22.06.98                                      | General Manager<br>Finance & Accounts<br>- Lamps<br>Philips India Ltd.                |
| Kakkar V. K.* | 60          | Managing<br>Director                | 8,04,584.00         | B.Sc. (Engg.),<br>Electrical, MIE<br>(37)              | 13.12.96                                      | Chief Executive<br>Measurement &<br>Control Division,<br>GEC Alsthom India<br>Limited |
| Ray A.*       | 60          | Managing<br>Director                | 1,67,589.00         | B.E. Mechanical<br>Engineering<br>(38)                 | 15.01.01                                      | General Manager,<br>Industrial Air Hand-<br>ling, Asia Brown<br>Boveri Ltd.           |

Remuneration shown above comprises salaries, allowances, commission/bonus, monetary value of perquisites as per Income-Tax Rules and the Company's contribution to Superannuation and Provident Funds. In addition to the above remuneration, employees are entitled to Gratuity, Medical Insurance, etc. in accordance with the Company's Rules.

Employees named above are wholtime employees of the Company. Conditions of employment provide for termination of services by notice on either side.

None of the employees named above is a relative of any Director of the Company.

\* Refers to employment for part of the year.

For and on behalf of the Board

G. P. GOENKA

Chairman

Kolkata, 29th June, 2001