

**Stone India Limited**

---

Report  Junction.com

---

Report  
and  
Accounts  
2002-2003

**DUNCAN GOENKA**

**CONTENTS**

	Page No.
Board of Directors .....	1
Notice .....	2 – 4
Report of the Directors .....	5 – 17
Financial Highlights .....	18
Auditors' Report .....	19 – 21
Accounts .....	22 – 39
Cash Flow Statement .....	40
Statement regarding Subsidiary Company .....	41 – 53
Consolidated Accounts .....	54 – 70



## BOARD OF DIRECTORS

### CHAIRMAN

G. P. GOENKA

### DIRECTORS

S. RAY

SHRIVARDHAN GOENKA

I. SEN

R. L. GAGGAR

A. RAY

Managing Director

### SECRETARY

J. BISWAS

### 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 : 033 2401-4661 – 668

Fax : 033 2401-4886, E-Mail : stonein@cal.vsnl.net.in

### AUDITORS

M/S. LODHA & CO.

### FACTORY

16, Taratalla Road, Kolkata-700 088, Ph : 033 2401-4661 – 668

Fax : 033 2401-4886, E-Mail : stonein@cal.vsnl.net.in

### BRANCHES

#### New Delhi

C-193, Second Floor

Greater Kailash Part - I

New Delhi - 110 048

Ph : 011 5163-3626/0810

Fax : 011 5163-3628

E-Mail : flower@del2.vsnl.net.in

#### Chennai

No. 1323, 18th Main Road

Anna Nagar West

Chennai - 600 040

Ph : 044 2618-6755/6188

Fax : 044 2618-6700

E-Mail : sil@md2.vsnl.net.in

#### Mumbai

Stadium House, 3rd Floor

81/83, Veer Nariman Road

Mumbai - 400 020

Ph : 022 2282-0012/1312

Fax : 022 2202-1228

E-Mail : stonind@bom3.vsnl.net.in

### REGISTRAR & SHARE TRANSFER AGENT

C B Management Services Pvt. Ltd.

P-22, Bondel Road, Kolkata - 700 019

Ph : 033 2280 6692/6694 & 2280 2486/2937

Fax : 033 2247 0263

E-mail : cbmsl1@cal2.vsnl.net.in



## NOTICE

Notice is hereby given that the **SEVENTY-THIRD 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 Friday, 29th August 2003, at 11 A.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 2003 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. S. Ray, 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 a Special Resolution :

"That the Articles of Association of the Company be altered as follows :

- (i) Article 110 be renumbered as Article 110(1).
- (ii) The following Sub-Article numbered (2) be inserted after Article 110(1) :  
(2) "The Chairman so appointed shall not be liable to retirement by rotation so long as the limits prescribed under Section 255(1) of the Act are complied with."

#### 5. As an Ordinary Resolution :

"That Mr. R. L. Gaggar be and he is hereby appointed a Director of the Company."

#### 6. As a Special Resolution :

"That pursuant to Section 163(1) of the Companies Act, 1956, the Register of Members and the Index of Members of the Company and copies of Annual Returns of the Company prepared under Section 159 of the Companies Act, 1956 together with the copies of Certificates and documents required under Section 161 of the said Act be kept with the Registrar and Share Transfer Agent of the Company, C B Management Services Pvt. Ltd., P-22, Bondel Road, Kolkata 700 019."

### Registered Office :

16, Taratalla Road  
Kolkata 700 088

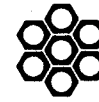
Dated the 19th June, 2003

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, 22nd August, 2003 to Friday, 29th August, 2003, 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 shareholders concerned 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 Company's Registrar & Share Transfer Agent, C. B. Management Services Pvt. Ltd., P-22, Bondel Road, Kolkata 700 019.
- (4) Those members who have so far not encashed their Dividend Warrants for the Company's Financial Years 1995/96, 1996/97, 1997/98 and 1998/99 (no Dividend declared thereafter) may claim to the Company's Registrar & Share Transfer Agent, C. B. Management Services Pvt. Ltd. for payment along with unencashed Dividend Warrants lying with them, if any.  
In terms of the provisions of Section 205A of the Companies Act, 1956, and the Rules framed thereunder, any Dividend remaining unpaid or unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund. Accordingly, all unpaid/unclaimed dividends in respect of Dividend declared for the Financial Year 1995/96 ended on 31st March, 1996 will be transferred to the said Fund shortly. As no claim shall lie against the Fund or the Company in respect of any Dividend transferred to the said Fund, members are requested to immediately write to the Company's Registrar & Share Transfer Agent, C. B. Management Services Pvt. Ltd. claiming the said Dividend, if payment thereof has not been received by them, alongwith the unencashed Dividend Warrants lying with them, if any.
- (5) Members are requested to notify immediately change of their addresses, if any, to the Company's abovesaid Registrar & Share Transfer Agent, C. B. Management Services Pvt. Ltd. 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 available to Members in respect of their shares in the Company. Nomination Forms can be obtained from C. B. Management Services Pvt. Ltd., Registrar & Share Transfer Agent of the Company, in



case they hold their shares 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 Company's Registrar & Share Transfer Agent, C. B. Management Services Pvt. Ltd. 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) An Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of the above items of Special Business is annexed hereto.

**Brief profile of Directors seeking appointment/reappointment at the Annual General Meeting pursuant to the Corporate Governance Code.**

1. Name of the Director	Mr. S. Ray
Age	80 years
Qualifications	B.Sc., F.C.A. (England & Wales)
Nature of expertise	33 years experience in Corporate Management. Retired as Managing Director & CEO of Guest Keen Williams Ltd.
Date of First Appointment	7th May 1991
Name of the companies in which he holds Directorship of Board	Asiatic Oxygen Ltd. The Calcutta Chemical Co. Ltd. Nagarjuna Agrichem Ltd. Consolidated Fibres & Chemicals Ltd. Unimers India Ltd.
Name of the companies in which he holds Membership of Committees of the Board	Consolidated Fibres & Chemicals Ltd. – Audit Committee & Shareholders'/Investors' Grievance Committee Asiatic Oxygen Ltd. – Audit Committee & Shareholders'/Investors' Grievance Committee Unimers India Ltd. – Audit Committee The Calcutta Chemical Co. Ltd. – Audit Committee
Professional Membership	Fellow of the Institute of Chartered Accountants of England & Wales
2. Name of the Director	Mr. R. L. Gaggar
Age	71 years
Qualifications	Solicitor & Advocate
Nature of expertise	Practising as Solicitor since 1956 and well connected with various Corporates as Legal Adviser and Director
Date of First Appointment	30th July 2001
Name of the companies in which he holds Directorship of Board	Hindustan National Glass & Industries Ltd. Somani Pilkington Ltd. Sarda Plywood Industries Ltd. Financial & Management Services Ltd. Premier (Eastern) Inc. Pvt. Ltd. TIL Ltd. Peria Karmalai Tea & Produce Co. Ltd. Paharpur Cooling Towers Ltd. International Combustion India Ltd. Subhas Projects & Marketing Ltd. IFB Agro Industries Ltd. Machino Plymers Ltd. Sumedha Fiscal Services Ltd. Shree Cement Ltd.
Name of the companies in which he holds Membership of Committees of the Board	TIL Ltd. – Audit Committee & Share Transfer Committee Sarda Plywood Industries Ltd. – Audit Committee Somani Pilkington Ltd. – Audit Committee Shree Cement Ltd. – Audit Committee & Remuneration Committee Subhas Projects & Marketing Ltd. – Audit Committee IFB Agro Industries Ltd. – Audit Committee Paharpur Cooling Towers Ltd. – Audit Committee
Professional Membership	The Associated Chambers of Commerce and Industry of India Merchant Chamber of Commerce International Bar Association Indian Council of Arbitration



## EXPLANATORY STATEMENT

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

### Item 4

It is felt desirable that to maintain continuity and in view of the esteemed position held by the Chairman, that he should not be liable to retirement by rotation.

It is therefore, proposed to suitably alter the Articles of Association of the Company as set out in the Resolution in Item 4 of the convening Notice to provide for non-retirement of the Chairman.

The Special Resolution in Item 4 is therefore recommended for approval of the members in terms of Section 31 of the Companies Act, 1956.

No Director of the Company excepting Mr. G. P. Goenka, Chairman and Mr. Shrivardhan Goenka, Director may be deemed to be concerned or interested in the Special Resolution.

### Item 5

Mr. R. L. Gaggar appointed by the Board of Directors of the Company ("the Board") as a Director of the Company in the vacancy caused by the resignation of Dr. R. Srinivasan will hold office upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received Notice in terms of Section 257 of the Companies Act, 1956 ("the Act") from a member signifying her intention to propose at the forthcoming Annual General Meeting the appointment of Mr. Gaggar as a Director of the Company.

Mr. Gaggar is willing to act as a Director of the Company, if appointed and has filed with the Company his consent under Section 264(1) of the Act.

Having regard to his background and experience the Board considers that the appointment of Mr. Gaggar as a Director of the Company would prove beneficial to the Company.

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

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

### Item 6

The Company's share transfer work in physical form is done in-house by the Company and the share transfer work in electronic connectivity i.e. in demat form is handled by the Company's Registrar and Share Transfer Agent, C. B. Management Services Pvt. Ltd., P-22, Bondel Road, Kolkata 700 019 (C. B. Management). SEBI Guidelines now require that all share work in both physical and demat form should be handled at a single point.

It is considered that it would be both economical and advantageous if the share work in physical form of the Company be as well handled by C. B. Management for which the Register and Index of Members and copies of Annual Returns, other documents and papers referred to in Item 6 of the convening Notice should be kept with C. B. Management at its Office at P-22, Bondel Road, Kolkata 700 019.

Pursuant to Section 163(1) of the Companies Act, 1956 this requires the approval of the members of the Company by Special Resolution. This is the purpose of the Resolution set out in Item 6 of the convening Notice and the Board of Directors of the Company recommends the same.

The Registrar of Companies, West Bengal has been given in advance a copy of the proposed Special Resolution.

No Director of the Company is concerned or interested in the Special Resolution.

### Registered Office :

16, Taratalla Road  
Kolkata 700 088  
Dated the 19th June, 2003

By Order of the Board

**J. BISWAS**  
Secretary



## REPORT OF THE DIRECTORS

### THE MEMBERS OF STONE INDIA LIMITED

The Directors present the Seventy-third Annual Report of your Company and the audited Statement of Accounts for the year ended 31st March, 2003.

### FINANCIAL RESULTS

	(Rs. in lacs)	
	2002-03	2001-02
Gross Turnover (including Excise)	3398	3041
<b>Profit for the year before tax</b>	<b>48</b>	<b>(491)</b>
Extraordinary Income/(Charges)	—	565
	48	74
Less : Provision for Taxation	—	—
Less : Deferred Tax	—	32
	48	42
Add : Withdrawal of provision of Deferred Tax being no longer required	88	—
<b>Profit after Taxation</b>	<b>136</b>	<b>42</b>
Balance brought forward from previous year	(868)	(910)
Amount available for appropriation	(732)	(868)
Which the Directors have recommended to be appropriated as under :		
Proposed Dividend	—	—
Tax on Dividend	—	—
Transfer to General Reserve	—	—
Debenture Redemption Reserve	—	—
Leaving a balance to be carried forward	(732)	(868)
	(732)	(868)

### DIVIDEND

Considering the overall situation, your Directors have not recommended a Dividend for the year ended 31st March 2003.

### OPERATIONS

There has been marginal improvement in the market conditions in 2002-2003 compared to the previous three years. However, in view of the Railway Board's decision to increase the number of Zones from 9 to 15 and decentralization, the flow of orders has been affected. The Defence business continues to be slack as the indigenisation of T-90 Tanks has been delayed and the policy of phasing out T-72 Tanks continues.

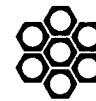
Nevertheless, your Company is making continuous efforts to develop new products for both the Railways and Defence Sectors.

Your Company has completed the bonding of the EOU Unit relating to the Colour Monitor/TV Project in January 2003 according to the requirements of EOU Licence. Your Company is taking necessary steps to meet the obligations under EOU.

### ENERGY CONSERVATION

Your Company maintains strict vigilance in the area of energy conservation measures and systematically controls and monitors consumption of power, fuel, oil, gas and water.





## REPORT OF THE DIRECTORS (Contd.)

### FOREIGN EXCHANGE EARNING AND OUTGO

The foreign exchange earnings during the year was Rs. 0.72 Lacs against Rs. 772 Lacs in the previous year and the outflow was Rs. 150 Lacs against Rs. 121 Lacs in the previous year.

### PERSONNEL

Your Company continues to maintain excellent industrial relations with all its employees. During the year under review, Bipartite Wage Agreement with two recognised Factory Unions was signed on 26th August 2002 for a period of 3 years from the date of signing. Another Bipartite Wage Agreement with the recognised Office Union was also signed on 8th October, 2002 for a period of 3 years from the date of signing. By execution of these two Wage Agreements the respective Charter of Demands of these three Unions, which were pending for a long time, now stand settled.

Re-structuring and rationalization of manpower, introduction of flexibility and multi-skilling in Factory operations and variable components in remuneration structure were also done through these Wage Agreements to make the organisation competitive.

Your Company continues to train its employees at all levels and throughout the organisation as a part of its human resource development activities.

There is no employee whose particulars are to be given pursuant to Section 217(2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975.

### 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. S. Ray retires by rotation and, being eligible, offers himself for re-appointment.

Mr. R. L. Gaggar was appointed a Director by the Board of Directors of the Company in the vacancy in the Board caused by the resignation of Dr. R. Srinivasan and he will hold office until the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 expressing her intention to propose appointment of Mr. Gaggar as a Director of the Company at the forthcoming Annual General Meeting of 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; and
- 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.





## REPORT OF THE DIRECTORS (Contd.)

### DEMATERIALISATION OF SHARES

As the members are aware, Equity Shares of your Company can now be traded only in dematerialised form. Members have the option to dematerialise their shareholdings through either of the two Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited. Transfer-cum-dematerialisation facilities are also available to the investors. As on date, 59.45% approx. of the Company's Equity Shares have been dematerialised.

### APPOINTMENT OF COMMON AGENCY FOR SHARE REGISTRY WORK

The Company's share transfer work in physical form is done in-house by the Company and the share transfer work in electronic connectivity i.e. in demat form is handled by the Company's Registrar and Share Transfer Agent, C. B. Management Services Pvt. Ltd., P-22, Bondel Road, Kolkata 700 019 (C. B. Management). SEBI Guidelines now require that all share work in both physical and demat form should be handled at a single point by a Common Agency.

It is considered that it would be both economical and advantageous if the share work in physical form of the Company be as well handled by C. B. Management. Accordingly, C. B. Management has been appointed as a Common Agency for the Company's entire share registry work in terms of both physical and electronic mode.

### CORPORATE GOVERNANCE

As mentioned in our last year's Report, the Corporate Governance Code, as introduced by SEBI, has already been implemented in your Company from the Financial Year 2001-2002.

A separate Report on Corporate Governance in the format as prescribed by the Listing Agreements forms a part of the Annual Report of your Company and is being attached hereto, along with the Auditors' Certificate on its compliance.

### 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 21.

### SUBSIDIARY COMPANY

The Statement pursuant to Section 212 of the Companies Act, 1956 and the Annual Report & Accounts of Skylark Rubber Products Ltd., a wholly owned Subsidiary of your Company, together with the Auditors' and Directors' Reports for the year ended 31st March, 2003 are attached.

### ACKNOWLEDGEMENT

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

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

17th June, 2003



## REPORT OF THE DIRECTORS (Contd.)

### ANNEXURE TO THE REPORT OF THE DIRECTORS

#### FORM - 'B'

#### Form for disclosure of particulars with respect to Absorption Research and Development (R&D)

1. Specific area in which R&D carried out by the Company
2. Benefits derived as a result of the above R&D
3. Future plan of action

- (a) Capital
- (b) Recurring
- (c) Total
- (d) Total R&D Expenditure as a percentage of total turnover

#### Rail & Defence Products

Import substitution, development of new products, improvement of existing products and cost reduction.

#### Defence Items :

1. Development of Bailey Bridge
2. Components for Ordnance Factories
3. New items including parts for T-90 Tanks

#### Railway Items :

##### Development of -

1. Export Quality Alternators
2. Alternators for marine application
3. Centrifugal Oil Cleaner
4. Control Valve for Vacuum Brake System
5. Single Stage Load Sensing Device

NIL

Rs. 18.53 Lacs

Rs. 18.53 Lacs

1%

#### Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

The Company makes a continuous efforts for -

- (i) adaptation and innovation of its product designs to meet the specification and changing requirements of its customers;
- (ii) indigenisation of raw materials and components in a phased programme with cost benefits to minimise the imported content of raw materials in finished products; and
- (iii) upgradation of existing technology and/or importation of new technology through various foreign collaborations.

Benefits derived as a result of the above efforts are -

- (i) minimisation of import will result in cost reduction and thus save foreign exchange;
- (ii) meeting customers' requirements and achieving customers' satisfaction and hence resulting in getting continued orders;
- (iii) upgradation of new test-rigs in Defence production for achieving high quality products;
- (iv) continuous improvement of existing technology and/or induction of fresh technology; and
- (v) new product development and improvement of existing products.

Technologies imported and subsequently fully absorbed, but such importation was made before 5 years from the Financial Year 2002-03.

2. Benefits derived as a result of the above efforts e.g. products improvement, cost reduction, product development, import substitution, etc.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the Financial year), following information may be furnished :
  - (a) Technology imported
  - (b) Year of Import
  - (c) Has technology been fully absorbed
  - (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.

For and on behalf of the Board

G. P. GOENKA  
Chairman

17th June, 2003