



Stone India



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**ANNUAL REPORT
2007 - 2008**

Notice

Notice is hereby given that the **SEVENTY-EIGHTH ANNUAL GENERAL MEETING** of the members of the Company will be held at "Kala Kung" (Basement) Hall, Kalamandir, 48 Shakespeare Sarani, Kolkata 700 017 on Friday, 29th August 2008, at 11.30 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 2008 and the Balance Sheet of the Company as at that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. S. Ray who retires by rotation, and bring eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. Agarwal who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to authorize 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 resolution as a Special Resolution:

6. That pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) (hereinafter referred to as "the Act") and subject to the relevant provisions of the Memorandum & Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the applicable regulations/guidelines/clarifications issued by The Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), all other applicable laws, regulations and subject to approval of the lenders, if any, and subject to all such approvals, permission or sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), the consent of the Company be and is hereby accorded to the Board to create, issue and allot, in one or more tranches, and upon such terms and conditions as may be deemed appropriate by the Board, by way of preferential allotment up to 14,10,000 Warrants, with an option to the warrant holders to acquire, for every warrant, one fully paid up equity shares of Rs. 10/- each of the Company for cash, at a price of Rs. 88/- per equity share (i.e. at a premium of Rs 78/- per share), aggregating to Rs. 12,40,80,000 (Rupees twelve crores forty lakh eighty thousand only) which price has been calculated based on the "Guidelines for Preferential Issues" issued by SEBI (Disclosure & Investor Protection) Guidelines, 2000, on such other terms and conditions, as the Board may deem appropriate in its absolute discretion to the Promoters/promoter group and other independent investors as specified in the explanatory statement on the

terms and condition given herein:

- a. One new Equity share of the Company of the face value of Rs. 10/- each at a price of Rs. 88/- per share in lieu of one warrant shall be issued at same price calculated in SEBI (Disclosure and Investor Protection) Guidelines, 2000 and certified by the statutory auditors of the Company.
- b. The "Relevant Date" for the purpose of preferential issue as per the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended up to date for the determination of the applicable price for the Equity shares in lieu of the above mentioned warrants is 30th July, 2008, which is 30 days prior to the date of this Annual General Meeting (AGM).
- c. The amount of Rs. 1,24,08,000 (Rupees One crore twenty four lakhs eight thousand only) being 10% of the total warrant amount will be payable at the time of making the application which will be kept by the Company as a deposit to be adjusted and appropriated against the price of the Equity shares payable by the warrant holders at the time of exercising the option.
- d. The option to acquire the equity shares may be exercised by the warrant holders at any time in one or more tranches before the expiry of the 18 months from the date of allotment of warrants.
- e. In the event the warrant holder does not exercise the option given under the warrants within 18 months from the date of allotment of warrants, the warrants shall lapse and the amount of deposit shall stand forfeited by the Company.
- f. The warrants issued and allotted to the promoters shall be transferable within the promoter group subject to the approval of the Board and such other approvals as may be necessary.
- g. In the event, the Company making a bonus issue by way of capitalization of its reserves prior to allotment of equity shares resulting from the exercise of option under the warrants, the number of equity shares to be allotted against such warrant shall stand augmented in the same proportion in which the equity share increased as a consequence of the bonus issue and the premium shall stand reduced on a prorata basis.
- h. In the event, the Company making a right offer by way of issue of new Equity Shares prior to allotment of equity shares resulting from the exercise of option under the warrants, the number of equity shares to be allotted against such warrants shall stand increased in the same proportion in the rights offer and such additional equity shares shall be offered to the warrant holders at the same price at which the existing shareholders are offered equity shares.
- i. The instruments shall be subject to such lock in period as specified in SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended up to date.
- j. The equity shares to be issued and allotted by the Company as a consequence of the conversion/exchange of the warrants in the manner aforesaid shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing shares of the Company.

Notice (Contd.)

- k. The warrants shall not carry any voting/dividend rights.

Further that:

- i) The Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of the shares and also shall be entitled to vary, modify or alter any of the terms and conditions, including the issue price and the size of the issue, as it may deem expedient, subject to the provisions of the Act, the rules/regulations/guidelines issued by GOI/RBI/SEBI, without being required to seek any further consent or approval of the Company in a General Meeting.
- ii) The offer, issue and allotment of the aforesaid shares shall be made at such time or times as the Board may in its absolute discretion decide.
- iii) The Board be and is hereby authorized to delegate all or any of the power herein conferred by this resolution to any director or directors or to any committee of directors or any other officers of the Company to give effect to the aforesaid resolution.

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 such proxy need not be a member of the Company. The proxy in order to be effective must reach the Registered Office of the Company at least 48 hours before the time fixed for meeting.
- (2) The Register of Members and Share Transfer Books will remain closed from Monday, 25th August to Friday, 29th August 2008 (both days inclusive).
- (3) Pursuant to Section 205A(5) of the Companies Act, 1956 all unpaid/unclaimed dividends for and upto and including the Company's Financial Year 1998/99 ended on 31st March 1999 had been transferred to the "Investor Education and Protection Fund".
- (4) Pursuant to the provisions of Section 205A of the Companies Act, 1956 as amended, dividend which remains unpaid or unclaimed for a period of 7 years is required to be transferred to the "Investor Education and Protection Fund" (IEPF) of the Central Government. Members who have not encashed the dividend warrants for the Financial year ended 31st March, 2006 are requested to send their claims to Company's Registrar & Share Transfer Agent, C.B. Management Services Pvt. Ltd., P-22, Bondel Road, Kolkata-700019 along with unencashed Dividend Warrants lying with them. It may also be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie in respect thereof.
- (5) Mr. P. Sircar, 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

Further that for giving effect to this Resolution, the Board be and is hereby authorized to take such steps and to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue, allotment and utilization of the issue proceeds of the shares for the Company's expansion plans, capital expenditure, working capital and other corporate initiatives etc., to prescribe the forms of application, enter into any agreements or other instruments, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they may deem fit.

Further that the Board be and is hereby authorized to make on its own accord or to accept such amendments, modifications, variations and alterations as the GOI/RBI/SEBI or any other regulatory authority may stipulate in that behalf.

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 dematerialized form, they may contact their respective Depositories for such nomination.

- (7) Members who hold shares in physical form are requested to inform the R&T Agents, their Income Tax Permanent Account Number(PAN) / General Index Register Number(GIR) if any, allotted to them by the Income Tax Authorities.
- (8) Members holding shares in physical form are requested to notify change in their addresses, if any, quoting their folio numbers to the R&T Agents of the Company.
- (9) Members holding shares in physical form are requested to note that, in order to avoid any loss / interception in postal transit and also to get prompt credit of dividend through Electronic Clearing Services(ECS), they should submit their ECS details. Alternatively, members may provide details of their bank account quoting their folio numbers to the R&T Agents to enable them to print such details on the dividend warrants.
- (10) Members holding shares under multiple folios are requested to submit their applications to R&T Agents, for consolidation of folios into single folio.

Request to the Members:

1. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for ensuring easy identification of attendance at the Meeting.
2. For convenience of Members, Attendance slip is annexed to the Proxy Form. Members are requested to fill in and affix their signatures at the space provided therein and handover the Attendance Slip at the entrance of the place of meeting. Proxy/Representative of a member should mark on the attendance Slip as "Proxy" or "Representative", as the case may be.

Registered Office:
16, Taratalla Road
Kolkata 700 088
Dated the 29th July 2008

By Order of the Board
For Stone India Limited
P. Sircar
Secretary

1. Name of Director	Mr. S. Ray
Age	86 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 Willams Ltd.
Date of first appointment	7 th May 1991
Name of the Companies in which he holds Directorship of the Board	Asiatic Oxygen Limited Henkel India Ltd. Nagarjuna Agrichem Ltd. Unimers India Limited International Combusion (India) Limited Henkel Marketing India Limited
Name of the companies in which he holds Membership of Committees of the Board	Asiatic Oxygen Limited Audit Committee Unimers India Limited Audit Committee Henkel India Ltd. Audit Committee International Combusion (India) Limited Audit Committee Shareholder' /Investors' Grievance Committee Nagarjuna Agrichem Ltd. Audit Committee
Professional Membership	Fellow of the Institute of Chartered Accountants of England & Wales
No. of Shares held	Nil
2. Name of Director	Mr. A. Agarwal
Age	41 Years
Qualifications	L.L.B.
Nature of expertise	Commercial & Corporate Law
Date of first appointment	31 st October 2003
Name of the Companies in which he holds Directorship of the Board	The Tengapani Tea Co. Ltd. Kothari Phytochemicals Industries Ltd.
Name of the companies in which he holds Membership of Committees of the Board	Nil
Professional Membership	Incorporated Law Society, High Court, Calcutta

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

Item No 6:

To support the growth plans and to raise resources for its long term requirements and working capital needs, your Board of Directors ("Board") in its meeting held on 29th July 2008, subject to approval by the Company in General Meeting and requisite statutory approvals, has proposed to offer for subscription by way of preferential allotment upto 14,10,000 warrants with an option to the warrant holders to acquire, for every warrant, one fully paid up equity share of Rs. 10/- each of the company for cash, at a price of Rs. 88/- per equity share of Rs. 10/- each of the company (the "shares") to promoters/promoter group and other independent investors, in one or more tranches, for an aggregate value of Rs 12,40,80,000 (Rupees Twelve crores forty lacs eighty thousand only). The funds raised from the issue will be utilized for a combination of initiatives that include capital expenditure and meeting working capital requirements as mentioned above.

The Special Resolution has been proposed under the provisions of Section 81 (1A) of the Companies Act, 1956 ("Act") in view of the fact that the shares will be offered to persons who may or may not be the existing members. Further, under the Listing Agreements with stock exchanges, the Company, in the first instance, is required to offer all shares to be issued for subscription, pro-rata to the existing equity shareholders unless they decide otherwise in a General Meeting.

As per SEBI's Guidelines for Preferential Issues, the issue of shares on a preferential basis can be made only at a price, which is not less than the higher of the following:

- The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the "relevant date", or
- The average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the relevant date".

The "Relevant Date" for the above purpose means the date thirty days prior to the date on which the General Meeting is held to consider the proposed issue under Section 81 (1A) of the Act. As the date of the Annual General Meeting of shareholders is 29th

August 2008, the "relevant date" is 30th July 2008.

The minimum issue price computed on the above basis works out to Rs 87/- per share approximately. As against this, the shares are proposed to be issued at Rs 88/- per share. The equity shares to be issued and allotted on exercise of the warrants shall be subject to the Memorandum and Articles of Association of the Company and the terms of issue. The equity shares to be issued and allotted on exercise of warrants shall rank *pari passu* in all respects with, and carry the same rights including dividend, as the existing equity shares.

The Board believes that the proposed offer will be in the best interest of the Company and its members.

1. Object of the issue:

The object of the issue is to mobilize funds for implementing the Company's growth plans. With a view to accelerate future growth & improve profitability, the Company has embarked on major business development efforts. It is therefore deeply involved in technological upgradation of its existing product lines as well as introducing new products and has therefore taken up a number of new products for development, a majority of which are under technical cooperation from a number of overseas corporations. All these products developments are in various stages of completion. Further, the Company also plans to make further investments in its new plant at Nalagarh.

Since the Company proposes to expand its activities substantially, the funds raised from this preferential issue along with internal accruals will be utilized for funding capital expenditure for existing operations and development projects, product portfolio expansion and meeting working capital requirements.

2. Intention of Promoters/Directors/Key Management Persons to subscribe to the Preferential Offer.

The promoters intend to subscribe to the issue of warrants on a preferential basis.

3. Shareholding pattern before and after the proposed issue based on the shareholding pattern as on 31.03.2008.

Category	Pre-Preferential issue as at 31.03.2008		Post-Preferential Issue	
	Equity Shares Held(*)	Percentage of Share Holding	On exercise of option given under the warrants issued to the promoters & other investors	Percentage after conversion of warrants into Equity Shares
A. Promoter's Holding				
1 a) Indian promoters	27,45,054	36.13%	37,05,054	41.14%
b) Foreign Promoters	-	-	-	-
2 Persons acting in concert	85,000	1.12%	85,000	0.94%
Sub - Total	<u>28,30,054</u>	<u>37.25%</u>	<u>37,90,054</u>	<u>42.08%</u>
B. Non-Promoter Holding				
3 Institutional Investors				
a) Mutual funds, banks & FIs	9,10,309	11.98%	9,10,309	10.11%
b) FIs	2,17,000	2.86%	2,17,000	2.41%
Sub - Total	<u>11,27,309</u>	<u>14.84%</u>	<u>11,27,309</u>	<u>12.52%</u>
4 Others				
a) Private corporate Bodies	7,16,517	9.43%	11,66,517	12.95%
b) Indian public	27,64,206	36.39%	27,64,206	30.69%
c) NRIs/OCBs	98,900	1.30%	98,900	1.10%
d) Others	59,513	0.79%	59,513	0.66%
Sub - Total	<u>36,39,136</u>	<u>47.91%</u>	<u>40,89,136</u>	<u>45.40%</u>
GRAND TOTAL	<u>75,96,499</u>	<u>100.00%</u>	<u>90,06,499</u>	<u>100.00%</u>

(*) Shares of face value Rs. 10/-

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

4. Proposed time within which allotment will be completed:

The allotment of the instruments is expected to be completed within 15 days of the date of passing of the above resolution. Provided that where the allotment is pending on account of Pendency of any Regulatory Approval or the Central Government, the allotment is expected to be completed within 15 days of such approval.

5. Identity of the proposed Allottees and the percentage of post-preferential issue capital that may be held by them.

Sr. No.	Name of the proposed Allottee	No. of Warrants proposed to be Allotted(*)	% of Post Issue Shareholding
1.	Promoters	9,60,000	42.08
2.	Other Independent Investors (Private Corporate Bodies)	4,50,000	4.99
	Total	14,10,000	47.07

(*) Face Value Rs. 10/- each

The percentages have been worked out after considering conversion of warrants into Equity Shares.

Identities of the proposed allottees are as follows :

Sr. No.	Name and address of the proposed Allottee	No. of Warrants proposed to be Allotted(*)
<u>Promoters</u>		
1.	Shubh Shanti Services Ltd. 31, Netaji Subhas Road 2nd Floor, Kolkata 700 001	7,50,000 Nos.
2.	ISG Traders Ltd. 31, Netaji Subhas Road 2nd Floor, Kolkata 700 001	2,10,000 Nos.
<u>Independent Investor</u>		
3.	Harsh Credit Pvt. Ltd. 1/1A, Biplabi Anukul Ch. Street Kolkata 700 072	4,50,000 Nos.
TOTAL		14,10,000 Nos.

The Company has had separate negotiations with each of the proposed allottees and as such each of them is independent of each other and is not dependent/contingent upon the other. One or more of the proposed allottees may or may not subscribe to the warrants as set out above. If this was to occur, the shareholding pattern may change.

The instruments to be allotted to the above Investors under the proposed offering shall be subject to a lock-in period in accordance with the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines), 2000.

A copy of the certificate from M/s Lodha & Company, Chartered Accountants, Kolkata, Statutory Auditors of the Company, certifying that the issue of warrants is being made in accordance with the requirements of SEBI's Guidelines for Preferential Issues as contained in the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines), shall be placed before the shareholders at the AGM.

Shri G. P. Goenka and Shri Shrivardhan Goenka are concerned or interested in the Resolution.

The Board recommends the resolution for your approval.

Registered Office:
16, Taratalla Road
Kolkata 700 088
Dated the 29th July 2008

By Order of the Board
For Stone India Limited
P. Sircar
Secretary

STONE INDIA LIMITED

Regd. Off : 16 Taratalla Road, Kolkata 700 088

Shareholder Response Form

Our Registrar & Share Transfer Agent :

C. B. Management Services (P) Limited

P-22 Bondel Road, Kolkata - 700 019

Tel. : 2280 6692-94 / 2486 / 2937, Fax : 2287 0263

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

Name :

Date :

Address :

.....

..... City Pin Code

Tel. No. :

Mobile No. :

E-mail :

Nature of complaint :

(Tick whichever is appropriate)

- | | | | |
|---|--------------------------|-------------------------------|--------------------------|
| 1. Allotment Letter/Refund Order | <input type="checkbox"/> | 5. Redemption Amount | <input type="checkbox"/> |
| 2. Certificate/Endorsed/Transfer/
Duplicate/Bonus/Rights | <input type="checkbox"/> | 6. Annual Report for the Year | <input type="checkbox"/> |
| 3. Interest/Dividend (Specify period) | <input type="checkbox"/> | 7. Other (Specify) | <input type="checkbox"/> |
| 4. Credit with DP | <input type="checkbox"/> | | |

Particulars of complaint :

(Provide Maximum Details)

1. Folio	<input type="text"/>	5. DRN No.	<input type="text"/>
2. Certificate No.	<input type="text"/>	6. DP ID No.	<input type="text"/>
3. Distinctive No.	<input type="text"/>	7. Client ID No.	<input type="text"/>
4. Appl. No.	<input type="text"/>		

Any other grievances/comments :

.....

Signature

Name of the holders

Folio No./DPID &

Client ID No.

Address

.....

STONE INDIA LIMITED

Regd. Off : 16 Taratalla Road, Kolkata 700 088

PROXY FORM

I/We..... of
 being a member/s of
 STONE INDIA LIMITED hereby appoint
 of or failing him.....
 of
 as my/our proxy to attend and
 vote for me/us and on my/our behalf at the Seventy-Eighth Annual General Meeting of the Company to be held on
 Friday, 29th August 2008 at 11.30 A.M. and at any adjournment thereof.
 As witness my/our hand(s) this.....day of2008

Affix
 Re. 1/-
 Revenue
 Stamp

Signed by the said.....

Folio No D. P. Id..... Client Id.....

No. of Shares held.....

Note : The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for
 holding the aforesaid Meeting.

STONE INDIA LIMITED

Regd. Off : 16 Taratalla Road, Kolkata 700 088

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 Seventy-Eighth Annual General Meeting of the Company held at Kalakunj
 (Basement) Hall, Kalamandir, 48, Shakespeare Sarani, Kolkata-700 017 on Friday, the 29th August 2008 at 11.30 A.M.

Full Name of the Member(s)/Proxy
 (In Block Letters)

Folio No. : D.P. Id :

No. of Shares held : Client Id : Signature of the Member(s)/Proxy

Note : Only Members of the Company or their proxies will be allowed to attend the Meeting

***** Refreshment will be provided against production of this slip *****

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BOARD OF DIRECTORS

Chairman	Director
G. P. Goenka	S. Ray
Managing Director & CEO	I. Sen
A. Mondal	A. Agarwal
Whole time Director	S. Gupta
Shrivardhan Goenka	

SECRETARY

P. Sircar

BOARD COMMITTEES

Audit Committee		Shareholders'/Investors' Grievance Committee		Remuneration Committee	
S. Ray	Chairman	S Ray	Chairman	I. Sen	Chairman
I. Sen	Member	I. Sen	Member	G. P. Goenka	Member
S. Gupta	Member	A. Mondal	Member	S. Ray	Member
A. Mondal	Permanent Invitee			A. Agarwal	Member

CORPORATE MANAGEMENT COMMITTEE

Members

A. Mondal	Managing Director & CEO
G. Gosh	Sr. Vice President (Marketing)
U. Palit	Sr. Vice President (Operation)
R. K. Ganeshan	Vice President (Business. Dev.)
P. Sircar	VP-CFO & Secretary

Bankers

State Bank of India
Indian Overseas Bank

Auditors

Lodha & Co.
Chartered Accountants
14 Government Place East, Kolkata 700 069

Registrar & Share Transfer Agent

C. B. Management Services Pvt. Ltd.
P-22, Bondel Road, Kolkata 700 019
Ph.: +91 33 2280 6692/6694 & 2280 2486/2937
Fax: +91 33 2287 0263, E-mail: cbms11@cal12.vsnl.net.in

Registered Office

16 Taratalla Road, Kolkata 700 088, India
Phone: +91 33 2401 4661-8, Fax: +91 33 2401 4886
E-mail: info@stoneindia.co.in, Website: www.stoneindia.co.in