

NOTICE

NOTICE is hereby given that the **Eighty-Third Annual General Meeting** of the Members of **Stone India Limited** will be held on Wednesday, the 25th day of September, 2013 at 11.00 A.M. at 'Kalakunj' (Basement) Hall, Kalamandir, 48, Shakespeare Sarani, Kolkata-700 017 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended on 31st March, 2013 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. Indrajit Sen, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sukhendu Ray, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Lodha & Co., Chartered Accountants, Auditors of the Company, having Registration No. 301051E allotted by The Institute of Chartered Accountants of India (ICAI), who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act") (including any statutory modification(s) or re-enactment thereof for the time being in force) and enabling provisions of the Memorandum & Articles of Association of the Company and subject to the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [the "SEBI (ICDR) Regulations, 2009"] as in force and the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the requisite approvals, consents, permissions and /or sanctions, if any, of SEBI, Stock Exchanges and/or any other Statutory/Governmental authorities or Institutions, as may be required and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of them while granting such approvals, consents, permissions and/or sanctions as may be necessary or which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any Committee constituted /to be constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot, from time to time, in one or more tranches, upto 20,00,000 (Twenty Lakh) Warrants on Preferential basis to Promoters / Promoter Group as specified in the Explanatory Statement, whether or not they are members of the Company, entitling the holder of each Warrant to apply for and obtain allotment of one equity share of Rs. 10/- (Rupees ten) each fully paid up against each Warrant (hereinafter referred to as "Warrants"), in such manner, at such price ("Warrant Price") and on such terms and conditions as may be determined by the Board provided that the price of the Warrants so issued shall not be less than price arrived at in accordance with the provisions of Chapter VII of the SEBI (ICDR) Regulations, 2009.

RESOLVED FURTHER THAT the aforesaid issue of Warrants shall be in accordance with the following terms and conditions:

- i. The resultant equity shares to be issued and allotted upon exercise of conversion right attached to the Warrants in terms of this resolution shall be subject to the provisions of the Memorandum and Articles of Association of the Company rank *pari passu* in all respects with the then existing fully paid equity shares of the Company and be listed on the Stock Exchanges where the shares of the Company are listed.
- ii. The proposed allottees of the Warrants shall on or before the date of allotment of Warrants, pay an amount equivalent to at least 25% of the warrant price. The balance 75% of the warrant price shall be payable on or before the conversion of the said warrants into Equity Shares.
- iii. The holder(s) of each Warrant will be entitled to apply for and obtain allotment of one equity share of Rs. 10/- (Rupees ten) each fully paid up against each Warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment of such warrants, in one or more tranches in compliance with the applicable provisions and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the issue or allotment of aforesaid Securities and listing thereof with the Stock Exchanges as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of the Securities, utilization of the issue proceeds and to do all acts, deeds, matters and things in connection therewith and incidental thereto as the Board, in its absolute discretion, may deem necessary, expedient, proper or desirable and to settle all questions, difficulties

or doubts that may arise in this regard at any stage without requiring the Board to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED 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 any Statutory or Governmental authorities / Institutions may stipulate or otherwise required in respect of such warrants.

RESOLVED FURTHER THAT the Warrant Certificates be issued to the allottees of Warrant under the Common Seal of the Company to be affixed in terms of the provisions of the Article of Associations of the Company.

RESOLVED FURTHER THAT 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 Executive(s) or Officer(s) of the Company to give effect to the aforesaid resolution.”

Registered Office :

16, Taratalla Road
Kolkata 700 088

Date : 28th August, 2013

**By Order of the Board of Directors
For Stone India Limited**

**(Debabrata Thakurta)
Company Secretary,
Legal & Compliance Officer**

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/herself 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 the meeting.
- (2) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.
- (3) The Register of Members and Share Transfer Books will remain be closed from Wednesday, 18th September, 2013 to Wednesday, 25th September, 2013 (both days inclusive).
- (4) 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".
- (5) As per SEBI regulations a copy of the PAN Card of the transferee(s) should be furnished along with the physical transfer/transmission of shares.
- (6) 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 years 2005-06, 2006-07 & 2007-08 are requested to send their claims to Company's Registrar & Share Transfer Agent, M/s. C. B. Management Services Pvt. Ltd., P-22, Bondel Road, Kolkata-700 019 immediately 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.
- (7) Mr. Debabrata Thakurta, Company Secretary is the Compliance Officer in terms of Clause 47 of the Listing Agreements with the Stock Exchanges. Members may communicate with the Compliance Officer at the Registered Office address in relation to any query pertaining to their shareholdings.
- (8) 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 M/s. C. B. Management Services Pvt. Ltd., Registrars & Share Transfer Agent (R & T 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 with their respective Depositories for such nomination.
- (9) Members who hold shares in physical form are requested to inform the R & T Agent, their Income Tax Permanent Account Number (PAN) / General Index Register Number (GIR) if any, allotted to them by the Income Tax Authorities.
- (10) Members holding shares in physical form are requested to notify changes in their addresses, if any, quoting their folio numbers to the R & T Agent of the Company.
- (11) Members holding shares under multiple folios are requested to submit their applications to R & T Agent, for consolidation of folios into single folio.

- (12) The Register of Director's Shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the Members at the Annual General Meeting.
- (13) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Reports at the meeting.
- (14) Members desiring any relevant information on the annual accounts of the Company are requested to write to the Company well in advance to ensure that such requests reach the Company at least ten (10) days before the Annual General Meeting, so as to enable the Company to keep the information ready.
- (15) In terms of circular being nos. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 issued by the Ministry of Corporate Affairs, Govt. of India for Green Initiatives in the Corporate Governance, the members desiring to receive notice/ documents etc., from the Company through electronic mode instead of physical copy may register their e-mail address and changes therein from time to time with the Company. A request letter in this regard giving details of e-mail address may be sent at the Registered Office/ RTA address.
- (16) At the ensuing Annual General Meeting of the Company, Mr. Indrajit Sen and Mr. Sukhendu Ray, Directors retire by rotation and being eligible, offered themselves for reappointment.

Brief profile of the aforesaid Directors are given in the enclosed notice.

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 attached 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

Date : 28th August, 2013

**By Order of the Board of Directors
For Stone India Limited**

**(Debabrata Thakurta)
Company Secretary,
Legal & Compliance Officer**

EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS

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

To augment the long term resources of the Company, for meeting the working capital requirements and for general corporate purposes in view of the current performance of the Company, it is proposed to issue, on preferential basis to the Promoters / Promoter Group of the Company, upto 20,00,000 (Twenty Lakh) Warrants convertible into equity shares of face value of Rs. 10/- (Rupees ten) each in compliance with Chapter VII of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009.

In terms of section 81(1A) of the Companies Act, 1956, the shareholders are required to accord their approval to the Special Resolution for raising resources through issue of shares/securities or other instruments convertible into equity shares on preferential basis. Hence the consent of shareholders is being sought for the special resolution as proposed in the notice.

The information as required under the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009, are as under :

(i) Object of the Issue :

The object of the issue is to raise resources to meet the working capital requirements which shall facilitate to augment the financial resources and thereby support the operational performance of the Company and also to meet general corporate purposes.

(ii) Intention of the Promoters/Promoter Group to subscribe to this Offer :

ISG Traders Limited and Shubh Shanti Services Limited, Promoter Group entities intend to subscribe upto 20,00,000 (Twenty Lakh) Warrants on preferential basis, each Warrant giving the holder thereof right to convert into one equity shares of face value of Rs. 10/- (Rupees ten) each.

(iii) Under subscription, if any :

Any of the Warrants that may remain un-exercised for any reason whatsoever, may be offered and allotted by the Board in its absolute discretion to any person/entity/investor belonging to Promoter/ Promoter Group, on the same terms and conditions.

(iv) Shareholding Pattern before and after the Offer: (as of June 30, 2013) :

Class of Shareholders	Pre Preferential Issue		Post Preferential Issue*	
	No. of Shares	% of share capital	No. of Shares	% of share capital
Promoters/ Promoter Group	2305854	30.35	4305854	44.87
Institutional (Mutual Fund/Bank/ Insurance Companies)	15858	0.21	15858	0.17
Non Resident Individuals/OCBs	238787	3.14	238787	2.49
Resident Individuals/Others	5036000	66.30	5036000	52.47
Total	7596499	100.00	9596499	100.00

*The shareholding and percentages have been worked out after considering the conversion of entire warrants into equity shares and assuming that there is no further increase in share capital till allotment of these shares.

(v) Proposed time within which allotment shall be completed :

The allotment of Warrants are proposed to be made within 15 (Fifteen) days of the date of passing of this resolution by the Shareholders in the Annual General Meeting, provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by Stock Exchange, SEBI or any other statutory or governmental authorities/Institutions, the allotment shall be completed within 15 (Fifteen) days from the date of receipt of such approval.

(vi) The identity of the proposed allottees and the percentage of Post Preferential Issue Capital that may be held by them :

Name of the Proposed Allottees	Pre Allotment		Post Allotment*	
	No. of Shares	% of share capital	No. of Shares	% of share capital
Promoters/ Promoter Group				
ISG Traders Limited Shubh Shanti Services Limited	942302	12.40	2942302	30.66

On an assumption of conversion of all the Warrants into equity shares of the Company and there is no further increase in share capital till allotment of these shares.

The above companies are listed companies and are part of Duncan Goenka Group which is ultimately controlled by Shri G. P. Goenka alongwith his family members (wife and son). The percentage of shareholding of the company post preferential issue controlled by them will be 44.87% as indicated in para (iv) above under the Promoter/Promoter Group.

(vii) Lock-in :

The Warrants under this preferential offer and resultant equity shares issued upon exercise of the entitlement against such Warrants to the Promoters/ Promoters Group shall be subject to lock in period as stipulated in Chapter VII of the SEBI (ICDR) Regulations, 2009.

(viii) Price of the Issue :

The Warrants will be issued at a price not lower than the minimum price as stipulated in Chapter VII of the SEBI (ICDR) Regulations, 2009. The said guidelines provides for a price being higher of the following:

- The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognized Stock Exchange during the twenty six weeks preceding the relevant date; or
- The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized Stock Exchange during the two weeks preceding the relevant date.

(ix) Relevant Date :

"Relevant Date" for determining the issue price of the warrants in accordance with the SEBI (ICDR) Regulations, 2009 is fixed as 26th August, 2013 being the date thirty days prior to the date of passing this resolution.

(x) Change in the control or composition of the Board :

Subsequent to the proposed issue of Warrants on Preferential Basis, there will neither be a change in control nor a change in the management of the Company. However there will be a corresponding change in the shareholding pattern as well as voting rights consequent to the preferential allotment.

(xi) Undertakings:

- The Issuer Company undertakes that they shall re-compute the price of the Warrants issued in terms of the SEBI (ICDR) Regulations, 2009, where it is required to do so.
- The Issuer Company undertakes that if the amount payable on account of the re-computation of price is not paid within the time stipulated in terms of the provision of SEBI (ICDR) Regulations, 2009, the equity shares shall continue to be locked-in till the time such amount is paid by the allottees.

(xii) Other Terms of Issue of Warrants :

- a. The proposed allottees of the Warrant shall on or before the date of allotment of Warrants, pay an amount equivalent to at least 25% of the total consideration per Warrant.
- b. The holder(s) of each Warrant will be entitled to apply for and obtain allotment of one equity share against each Warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment of Warrants, in one or more tranches. At the time of exercise of entitlement, the warrant holder shall pay the balance of the consideration relating to the entitlement so exercised. The warrant price will be adjusted / set off against the issue price of the Equity Shares converted there against.
- c. If the entitlement against the Warrants to apply for the equity shares is not exercised within the aforesaid period, the entitlement of the Warrant holders to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such Warrants shall stand forfeited.
- d. Upon receipt of the requisite payment as above, the Board (or a Committee) on exercise of right by Warrant holders shall allot one equity share against each Warrant by appropriating Rs.10/- (Rupees ten) per share towards equity share capital and the balance amount paid against each warrant towards the securities premium.
- e. The Warrant by itself does not give to the holder thereof any right of the shareholder of the Company.
- f. In the event the Company makes any bonus issue by way of capitalization of the reserves, prior to allotment of equity shares resulting from exercise of option under the warrants, the number of shares to be allotted against such Warrants shall stand augmented in the same proportion in which equity share increase as a consequence of such bonus issue.
- g. In the event the Company making a right offer by way of issue of new equity share prior to allotment of equity shares resulting from exercise of option under the Warrants, the entitlement of equity share shall stand increased in the same proportion in the right offer and such additional equity shares will be offered to the warrant holder(s) at the same price at which the existing shareholders are offered equity shares.
- h. In the event the equity shares of the Company are either sub-divided or consolidated before the conversion of the Warrants into equity shares of the Company, the face value, the number of equity shares to be acquired on conversion of the Warrants, and the Warrant Issue Price shall automatically stand adjusted in the same proportion without affecting any right or obligation of the Warrant holders;
- i. In the event the Company's equity capital is affected or changed due to any other corporate actions such as a merger, demerger, consolidation of business, or other reorganization of the Company, tender offer for equity shares or sale of undertaking, necessary adjustments with respect to the terms of the aforesaid Warrants shall be made by the Company and such other action, as may be deemed necessary or appropriate by the Board shall be taken to reflect such corporate actions.

(xiii) SEBI Takeover Code :

As per SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011 ["SEBI (SAST), 2011"], any acquirer, who together with the persons acting in concert with him, has acquired and holds 25% or more of the voting rights in a company but less than the maximum permissible non-public shareholdings, if acquire within any financial year additional shares or voting rights in the company entitling them to exercise more than 5% of the voting rights, are required to make a public announcement of an open offer to the other shareholders to acquire their shares. The allotment of Warrants does not require making of a public announcement of open offer in terms of SEBI (SAST), 2011, as long as allotment of equity shares upon exercise of the conversion option attached to the Warrants do not cross the prescribed threshold limit at any point of time, during any of the financial years. Due to above preferential allotment of the Warrants and the resultant issue of equity shares, no change in management control is contemplated. The aforesaid allottee(s) shall comply with the relevant provisions of the SEBI (SAST), 2011 consequent to the allotment of shares on conversion of Warrants.

(xiv) Auditor's Certificate :

A copy of the certificate from the Statutory Auditor of the Company, M/s. Lodha & Co., Chartered Accountant, certifying that the issue of the Warrants on Preferential basis being made in accordance with the requirement of SEBI (ICDR) Regulations, 2009. A copy of this certificate shall be placed before the shareholders' at the Annual General Meeting and the same will be available for inspection at the Registered Office of the Company during the hours 3.00 P.M. to 5.00 P.M. on any working day (except Saturday) until the date of Annual General Meeting.

As it is proposed to issue and allot the Warrants on preferential basis, Special Resolution is required to be approved by members pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and Chapter VII of SEBI (ICDR) Regulation, 2009.

None of the Directors of the Company are concerned or interested in the resolution except Shri G. P. Goenka and Shri Shrivardhan Goenka being associated with the Promoter Company(ies)/Promoter Group.

Your Directors recommend the Special Resolution as set out in the notice for your approval.

Registered Office :

16, Taratalla Road
Kolkata 700 088

Date : 28th August, 2013

**By Order of the Board of Directors
For Stone India Limited**

**(Debabrata Thakurta)
Company Secretary,
Legal & Compliance Officer**

Brief Profile of Directors seeking appointment/reappointment at the Annual General Meeting pursuant to the Corporate Governance Code :

1.	Name of the Director	Mr. Indrajit Sen
	Age	73 Years
	Qualifications	B. E. (Mech)
	Nature of expertise	More than 50 years experience in Engineering, Industrial & Corporate Management.
	Date of First Appointment	7th May, 1991
	Name of the companies in which he holds Directorship of Board	International Combustion (India) Limited
	Name of the companies in which he holds Membership of Committees of the Board	International Combustion (India) Ltd. - Shareholder'/Investors' Grievance Committee
	Professional Membership	Nil
	No. of shares held in the Company	Nil

2.	Name of the Director	Mr. Sukhendu Ray
	Age	90 Years
	Qualifications	B. Sc., F.C.A.(England & Wales)
	Nature of expertise	Mr. Ray retired as Managing Director & CEO of Guest Keen Williams Ltd. He has extensive experience in Corporate and Industrial management.
	Date of First Appointment	7th May, 1991
	Name of the companies in which he holds Directorship of Board	International Combustion (India) Limited
	Name of the companies in which he holds Membership of Committees of the Board	International Combustion (India) Ltd. - Audit Committee, Chairman - Shareholder'/Investors' Grievance Committee
	Professional Membership	Fellow of the Institute of Chartered Accountants of England & Wales
	No. of shares held in the Company	Nil

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. : 40116700/6701/6718/6723, Fax : 2287 0263
E-mail : rta@cbmsl.com

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. / DP ID & Address

Client ID No.

STONE INDIA LIMITED

Registered Office : 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 Eighty-Third Annual General Meeting of the Company to be held on
Wednesday, 25th September, 2013, at 11.00 A.M. and at any adjournment thereof.

As witness my/our hand(s) this day of 2013.

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

Registered Office : 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 Eighty-Third Annual General Meeting of the Company held at "Kalakunj" (Basement) Hall, Kalamindir, 48, Shakespeare Sarani, Kolkata 700 017 on Wednesday, 25th September, 2013, at 11.00 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.

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BOARD OF DIRECTORS

Chairman

G. P. Goenka

Managing Director & CEO

A. Mondal

Directors

S. Ray

I. Sen

A. Agarwal

A. K. Goswami

Shrivardhan Goenka

BOARD COMMITTEES

Audit Committee

S. Ray	Chairman
I. Sen	Member
A. K. Goswami	Member
A. Mondal	Permanent Invitee

Shareholders'/Investors' Grievance Committee

S. Ray	Chairman
I. Sen	Member
A. Mondal	Member

Remuneration Committee

I. Sen	Chairman
G. P. Goenka	Member
S. Ray	Member
A. Agarwal	Member

CORPORATE MANAGEMENT COMMITTEE

A. Mondal	Managing Director & CEO
G. Ghosh	Sr. Vice President (Marketing)
U. Palit	Sr. Vice President (Operations)
S. Goswami	Sr. Vice President & CFO

Company Secretary, Legal & Compliance Officer

D. Thakurta

Auditors

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

Cost Auditors

Datta, Ghosh, Bhattacharya
& Associates
Cost Accountants
37 Gobinda Bose Lane
Kolkata 700 025

Bankers

State Bank of India
Indian Overseas Bank
ICICI Bank Limited
State Bank of Bikaner & Jaipur

Registrar & Share Transfer Agent

C. B. Management Services Pvt. Ltd.
P-22, Bondel Road, Kolkata 700 019
Ph.: +91 33 40116700/6701/ 6718/6723
Fax: +91 33 2287 0263 E-mail: rta@cbmsl.com

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

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 83rd Annual Report on the business and operations of your Company for the financial year ended on 31st March, 2013.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)	
	For the Financial Year 2012-13	For the Financial Year 2011-12
Gross Turnover	10,729.58	10,838.15
Profit before Interest, Depreciation & Taxation	355.22	1,067.47
Interest	520.58	462.25
Depreciation	276.31	199.28
Profit before Taxation	(441.68)	405.94
Provision for Taxation – Current Tax	—	86.47
Provision for Taxation – Deferred Tax	(137.63)	85.66
MAT Credit entitlement	—	(86.47)
Profit after Taxation	(304.05)	320.28
Balance brought forward from previous year	1,629.32	1,309.04
Profit available for appropriation	1,325.27	1,629.32
APPROPRIATIONS:		
Balance Carried to the Balance Sheet	1,325.27	1,629.32

- Previous years figures have been rearranged and regrouped wherever necessary.

OPERATIONS

The growth rate of Indian economy plummeted to 5% during 2012-13. The global economy remained sluggish aggravated by the crisis in the Euro-zone, all of which had a dampening impact on the Indian economy. The current nose-dive in the exchange rate of the Indian rupee has added to the country's economic woes.

The weak Indian economy adversely impinged on the activities of your Company, and the persisting cash crunch of the Indian Railways was a further detrimental factor.

In the circumstances, the performance of the Company for the year under review turned out to be unsatisfactory. Though the turnover for the year at Rs.10,729.58 lacs was more or less at par with Rs.10,838.15 lacs for the previous year, the operating results dipped sharply to a Post Tax Loss of Rs.304.05 lacs from a Post Tax Profit of Rs.320.28 lacs of last year. This is attributable to rising costs which could not be recovered through pricing action in the context of the current competitive climate plus enhanced provisions for bad debts and inventories.

DIVIDEND

Considering the present financial condition of the Company and the Capital investment to be made for the expansion programme in near future your Directors do not recommend a dividend for the year ended on 31st March, 2013.

ENERGY CONSERVATION

Your Company has introduced certain Energy saving measures and re-engineering methods in terms of utilization of factory and office spaces. The practice to monitor and control the consumption of various sources of energy comprising power, oil, fuel, gas in a bid to reduce energy cost despite increase in production and power tariffs is in place.

FOREIGN EXCHANGE EARNING AND OUTGO

Your Company earned Rs.259.82 lacs foreign exchange during 2012-13 as against Rs.57.41 lacs during 2011-12. Foreign exchange outgo during the year amounted to Rs.301.98 lacs (including import of components and spare parts) against Rs.394.06 lacs during the previous year.

PERSONNEL

Industrial Relations with employees at various levels remained harmonious and cordial. Your Company as a part of its Human Resources Development activity continued to train employees at all levels to enhance their effectiveness in contributing towards the overall goal of your Company through knowledge improvement and skill up-gradation.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956

DIRECTORS' REPORT (Contd.)

and the Articles of Association of the Company, Mr. Indrajit Sen and Mr. Sukhendu Ray retire by rotation and, being eligible, offer themselves for re-appointment.

Mr. Shrivardhan Goenka resigned as Wholetime Director of the Company due to his other commitments and is now Non Executive Director of the Board with effect from 14th August, 2013. The Board wishes to place on record their deep appreciation of his contributions during his tenure as Wholetime Director of the Company.

All the Directors have filed requisite forms and declarations as required under the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003. The brief resume/details relating to Directors who are to be re-appointed are furnished in the Notice of the ensuing Annual General Meeting.

RESEARCH & DEVELOPMENT (R&D) ACTIVITIES

The Company remains strongly focused on development of products and enhancing quality standards. Innovative creative ideas in hi-tech engineering areas continue to be key objectives of the Company.

R&D has designed and developed Solar Micro Inverter for application in Solar Power System which is expected to be launched commercially in the later half of the year.

OTHER INFORMATION

In accordance with the provisions of Section 217 of the Companies Acts, 1956 ("the Act") read with the Companies (Particulars of Employees) Rules 1975, the names and other particulars of employees are set out in the annexure to the Directors' Report. As per the provisions of Section 219(1)(b)(iv) of the Act, the Directors Report is being sent to the shareholders of the Company excluding such particulars of employees under section 217(2A) of the Act. The Annexure is available for inspection by the Members at the Registered Office of the Company during business hours on any working day upto the date of the ensuing Annual General Meeting. Any member interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

Form No. B pursuant to Section 217(1)(e) of the Companies Act, 1956 read with The Companies (Disclosures 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' RESPONSIBILITY STATEMENT

In terms of the requirements of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that;

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- (ii) 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;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the Annual Accounts on a going concern basis; and
- (v) the Managing Director & CEO and the Sr. Vice President & CFO, both have furnished the necessary certification to the Board on these financial statements as required under the Clause 49 of the Listing Agreement(s) with the Stock Exchanges where the equity shares of the Company are listed.

DEMATERIALISATION OF SHARES

Your Company's shares are under transfer-cum-demat option. Shares of your Company can be traded only in dematerialized form. Shareholders have the option to hold the Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL). 93.28% of the total equity share capital of your Company was held in dematerialized form with NSDL and CDSL as on 31st March, 2013.

RAISING OF FINANCE THROUGH ISSUE OF WARRANTS

To augment the long term resources of the Company, for meeting working capital requirements and for general corporate purposes in view of the current performance of the Company, your Company intends to issue on preferential basis to the Promoters/Promoter Group of the Company upto 20,00,000 (Twenty Lakh) Warrants subject to necessary approvals, entitling the holder(s) of each warrant to apply for and obtain allotment of one equity share of face value of Rs. 10/- each fully paid up of your Company. The Warrants proposed to be issued will be converted into Equity Shares in one or more tranches over the period of 18 months from the date of allotment of such Warrants. The Warrants will be issued at a price not lower than the price specified in Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and on such further terms and conditions as specified in the said guidelines.

CORPORATE GOVERNANCE

Your Company has always practiced sound Corporate Governance and takes necessary measures to comply with the requirements of the Listing Agreements with the Stock

DIRECTORS' REPORT (Contd.)

Exchanges with which your Company's shares are listed. A separate report on Corporate Governance adopted by the Company forms part of this report.

A certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as also the Management Discussion and Analysis Report stipulated under Clause 49 of the Listing Agreement are attached to this report.

CODE OF CONDUCT

Your Company has formulated Code of Conduct in compliance with the requirements of the revised Clause 49 of the Listing Agreements with Stock Exchanges which has been posted in the Website of your Company. This Code of Conduct and Ethics applies to the Board members and Senior Management personnel of your Company. Confirmation towards adherence to the Code during the Financial Year 2012-13 has been obtained from all Board Members and Senior Management personnel in terms of the requirements of Clause 49 of the Listing Agreement and a declaration relating to compliance to this Code during the year under review by all Board Members and Senior Management Personnel has been given by the Managing Director of the Company which accompanies this report.

AUDITORS

Messrs Lodha & Co, Chartered Accountants, retire as Statutory Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Audit Committee of the Board of Directors and the Board of Directors of the Company have recommended the re-appointment of Messrs Lodha & Co., Chartered Accountants, having Registration no. 301051E allotted by The Institute of Chartered Accountants of India as Statutory Auditors of your Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of next Annual General Meeting. Messrs Lodha & Co. confirmed their eligibility and willingness to continue to act as Auditors of the Company for the Financial Year 2013-14, if re-appointed.

AUDITORS' REPORT

The Board of your Company has noted the observations of the Auditors in their report. These have been dealt with adequately at the appropriate places in the notes to these accounts and, therefore, do not call for further comments.

COST AUDITORS

M/s. Datta, Ghosh, Bhattacharya & Associates, Cost Accountants having Registration no. 0089 issued by the Institute of Cost Accountants of India have been appointed as Cost Auditors of the Company to conduct Cost Audit for the Financial Year 2012-13 and submit their report. The due date for filing the Cost Audit Reports is 30th September, 2013.

PUBLIC DEPOSITS

Your Company has not accepted any Public Deposits.

SUBSIDIARY COMPANIES

The statement pursuant to Section 212 of the Companies Act, 1956 containing details of Subsidiary Companies forms part of the report.

In accordance with the General Exemption granted by the Ministry of Corporate Affairs vide its Circular No.2/2011 dated 8th February, 2011, the Balance Sheet, Profit & Loss Account and other documents of the Subsidiary Companies are not being attached with the Balance Sheet of the Company. Your Company agreed to comply with the conditions prescribed in the Circular. The Company will make available the Annual Accounts of the Subsidiary Companies and the related detailed information to any member of the Company who may be interested in obtaining these. The Annual Accounts of the Subsidiary Companies will also be kept open for inspection at the Registered Office of the Company on all working days (except Saturdays) between 11.00 AM and 1.00 PM prior to the date of the Annual General Meeting.

In compliance with the requirements of the aforesaid Circular, a Statement showing relevant details of the Subsidiary Companies for the year ended 31st March, 2013 has been included in the Consolidated Financial Statements of the Company which forms part of this Annual Report.

As required under the Listing Agreement, the Consolidated Financial Statements of the Company together with its Subsidiary Companies prepared in accordance with Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India are attached.

SOCIAL RESPONSIBILITY

Your Company always promotes all round development of a pollution free environment. Safety and Environment performance has been integral to the business operations of your Company and continues to receive attention throughout the year.

FORWARD-LOOKING STATEMENTS

This Annual Report and particularly those which relate to the Management Discussion and Analysis Reports contain statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements". From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These forward-looking statements are intended to provide management's current expectations or plans for future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such

DIRECTORS' REPORT *(Contd.)*

as “anticipate”, “believe”, “emerge”, “estimate”, “enjoy”, “eventually”, “expect”, “guidance”, “intend”, “near future”, “plans”, “prospects”, “project”, “strategy”, “target”, “will”, “would” and other words of similar meaning as they may relate to the Company and/or its business in connection with a discussion of future operating or financial performance. All forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. The growth of the industry and business of the Company depend upon Government policies, global economic scenario etc., and any adverse/ favourable situation may change the outlook. Readers are therefore cautioned that such statements speak only of the situation as of date and hence actual performances or achievements could differ from those expressed or implied

in such forward-looking statements. Your Company undertakes no responsibility to publicly or otherwise update or revise any such forward-looking statement at any time.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their whole-hearted appreciation for the unstinted support and co-operation received from the Banks, Financial Institutions, Government, Indian Railways, Foreign Collaborators, Customers, Shareholders and other stake holders during the year under review. Your Directors also wish to place on record their appreciation for the services rendered by the employees at all levels in the Company and for their valuable contribution and look forward to their continued cooperation in the years ahead.

For and on behalf of the Board

G. P. GOENKA
Chairman

Date : 28th August, 2013
Place : Kolkata

Report of the Directors (Continued)
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	Products for application on Railway Rolling Stock
2. Benefits derived as a result of the above R&D	Import substitution, development of new products, improvement of existing products and cost reduction.
3. Future plan of action	<p>Railway Items : Development of -</p> <ol style="list-style-type: none"> 1. Bogie Mounted Brake systems for Wagons 2. Tread Brake unit for High Horse power Electric Locomotive 3. Electronic Rectifier cum Regulator for Air conditioned Coaches 4. Disc Brake systems for high speed coaches. 5. Air spring suspension system including Pneumatic Control System thereof for Metro, EMU and Mainline Coaches. 6. Static Converter of 180 KVA capacity for AC Locomotives 7. End of Train Telemetry System 8. Intelli Pantograph for dedicated freight corridor. 9. Air operated Pantograph for dedicated Freight Corridor. 10. Air operated Pantograph for High Speed Passenger Trains. 11. WSP for Coaches and Locomotives 12. Fault Diagnostic control System for Electric Locomotive 13. Electronic Brake System for Diesel & Electric Locomotives 14. Biological Toilets for Coaches 15. Control Discharge Toilet System for coaches 16. Vigilance Control Device for Electric Locomotives 17. Automatic Engine Start-stop System. 18. LED Destination Board for Buses. 19. Electro Pneumatic (EP) Brake System for EMUs & DMUs.
4. Expenditure on R & D	
(a) Capital	Rs. 116.61 Lacs
(b) Recurring	Rs. 114.81 Lacs
(c) Total	Rs. 231.42 Lacs
(d) Total R&D Expenditure as a percentage of total turnover	2.40%

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	<p>The Company makes continuous efforts for –</p> <ol style="list-style-type: none"> (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
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Report of the Directors (Continued)
ANNEXURE TO THE REPORT OF THE DIRECTORS

FORM 'B' (Continued)

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

- | | |
|---|---|
| <p>2. Benefits derived as a result of the above efforts e.g. products improvement, cost reduction, product development, import substitution, etc.</p> | <p>(iii) upgradation of existing technology and/or importation of new technology through various foreign collaborations.</p> <p>Benefits derived as a result of the above efforts are–</p> <p>(i) minimisation of import will result in cost reduction and thus save foreign exchange;</p> <p>(ii) meeting customers' requirements and achieving customers' satisfaction and hence resulting in getting continued orders;</p> <p>(iii) upgradation of new test-rigs in Defence production for achieving high quality products;</p> <p>(iv) continuous improvement of existing technology and/or induction of fresh technology; and</p> <p>(v) new product development and improvement of existing products.</p> |
| <p>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 :</p> <p>(a) Technology imported</p> <p>(b) Year of Import</p> <p>(c) Has technology been fully absorbed</p> <p>(d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.</p> | <p>Technologies imported during the last 7 years from the Financial Year 2005-06 are as follows :</p> <p>(i) For manufacturing of "Vaporid Air Dryers" as per technology obtained from WABTEC Corporation U.S.A.</p> <p>(ii) For manufacturing of "REL-10 Valve" as per technology obtained from MZT Hepos AD, Macedonia.</p> <p>(iii) For manufacturing of "Air Spring" as per technology obtained from Sumitomo Electric Industries Limited, Japan.</p> <p>(iv) For manufacturing of "Tread Brake Unit" as per technology obtained from MZT Hepos AD, Macedonia.</p> <p>(i) 2005-06, (ii) 2007-08, (iii) 2008-09, (iv) 2008-09</p> <p>(i) & (ii) – Yes (iii) & (iv) On progress</p> |

Date : 14th August, 2013
Place : Kolkata

For and on behalf of the Board
G. P. GOENKA
Chairman

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance.

THE COMPANY'S GOVERNANCE PHILOSOPHY

Good Corporate Governance is a structure and relationship which determine corporate direction and performance by sound management, transparency, accountability and fairness. The Corporate Governance framework should therefore encourage the efficient use of resources and equally, require accountability for the stewardship of those resources. The aim is to align as nearly as possible the diverse interests of individuals, corporations and society.

Stone India therefore believes that the key to achieve sustainable long-term growth of the Company as well as protecting the most important parties like, shareholders, directors, employees, management and other stakeholders of the Company is sound Corporate Governance. The concept of Corporate Governance is entering a phase of global convergence. The driver behind this is the recognition that companies need to attract and protect all stakeholders, especially investors – both domestic and foreign. Global capital seeks its own equilibrium and naturally flows to where it is best protected and bypasses where protection is limited or non-existent. Stone India acknowledges that the Company stands to gain by adopting systems that bolster investor trust through transparency, accountability and fairness.

The tide of regulation has risen to a high watermark and while there is compelling evidence of financial benefits to companies which adopt good governance practices, it has often been felt that the ethos of Corporate Governance still needs to sink in. Corporate irregularities continue to plague investors as regulators relentlessly strive to cleanse the system. Financial scandals often prompt an overhaul of regulation. But the efficacy of regulation can get negated when compliance becomes a box-ticking exercise with prohibitive costs. Again, there is no single model of good Corporate Governance. Principles, values and ethics cannot be typecast into a universal one-size-fits-all framework. Towards this end the company has a well laid out documents with respect to "**Code of Business Conduct & Ethics**" and "**Whistle Blower Policy**". All employees abide by them in letter & spirit.

Stone India within its web of relationships with its borrowers, shareholders and other stakeholders has always maintained its fundamental principles of Corporate Governance – that of integrity, transparency and fairness. For Stone India, Corporate Governance is a continuous journey, seeking to provide an enabling environment to harmonise the goals of maximising shareholder value and maintaining a customer centric focus.

Stone India maintains that efforts to institutionalise Corporate Governance practices cannot solely rest upon adherence to a regulatory framework. Stone India's Corporate Governance compass has been its newly adopted business practices, its values and personal beliefs, reflected in the actions of each of its employees.

Stone India believes that while an effective policy on Corporate Governance must provide appropriate empowerment to the

executive management, it must also create a mechanism of internal controls to ensure that the powers vested in the executive management are properly used with appropriate consideration and responsibility so as to fulfill the objectives of the Company.

The Board of Directors fully support and endorse Corporate Governance practices as per the provisions of the Listing Agreements as applicable from time to time

THE GOVERNANCE STRUCTURE

The Corporate Governance structure in Stone India is based on an effective independent Board, the separation of the Board's supervisory role from the executive management and the constitution of Board Committees, comprising a majority of Independent Directors and chaired by an Independent Director to oversee critical areas.

BOARD OF DIRECTORS

In terms of the Company's Corporate Governance Policy, all policy, statutory and other significant and material information are placed before the Board.

Composition of the Board

Stone India has a broad-based Board of Directors constituted in compliance with the terms of the Listing Agreement with the Stock Exchanges and in accordance with best practices in Corporate Governance. The Board of Directors of your Company comprises Executive and Non-Executive Directors, the latter includes independent professionals who are also Independent Directors.

In accordance with the Governance Policy, Non-Executive Directors are Promoters and eminent professionals with experience in business/finance/administration/laws/management etc. Executive Directors are appointed/re-appointed with the approval of the Shareholders for a period of three to five years or for a shorter duration as the Board deems fit from time to time. All Non-Executive Directors are liable to retire by rotation except the Chairman so appointed shall not be liable to retirement by rotation so long as the limits prescribe under Section 255(1) of the Act are complied with. One-third of the Directors retires by rotation every year and are eligible for re-election. In terms of the Articles of Association of the Company, the strength of the Board shall not be less than three and not more than twelve. The present strength of the Board of Directors is seven, of which two are Executive Directors.

The following is the composition of the Board as on 31st March, 2013:

Category	No. of Directors	Percentage of total no. of Directors
Non-Executive * Directors & Promoter	1	14.29%
Non-Executive Independent Directors	4	57.14%
Executive Directors*	2	28.57%
Total	7	100.00%

Report of Corporate Governance (Contd.)

The Board is headed by the Non-Executive Chairman, Mr. G. P. Goenka, and comprises of six other Directors. Out of whom one is the Managing Director & CEO, another is the Whole time Director and rests are Non-Executive Directors. The Directors are eminently qualified and have rich experience in business, banking & finance, laws and corporate management. More than half of Board of Directors is "Independent". The Independent Directors do not have any pecuniary relationship or transaction with the Company, promoters or management, which may affect their judgments in any manner. The day-to-day management of your Company vest with the Managing Director & CEO subject to the superintendence, control and directions of Board of Directors.

The policy formulation, evaluation of performance and the control function vest with the Board, while the Board Committee oversees operational issues. The Board meets at least once in a quarter to consider inter alia the quarterly performance of your Company and financial results. Directors attending the meeting actively participate in the deliberations at these meetings.

The names of the Board members, their attendance at Board meetings and General Body meetings held during the financial year under review and the number of other Directorships and Board Committee memberships held by them at March 31, 2013 are given below:

Name of the Board Member	Category ¹	Board Meetings attended out of 4 Meetings held during the year	Attendance at the last AGM held on 28th September, 2012	Number of other Directorships ²	Number of other Committee Memberships ³
G. P. Goenka	C & NED & P	4	Present	5	–
S. Ray	NED & ID	4	Present	1	2 (1)
I. Sen	NED & ID	3	Absent	1	1
Shrivardhan Goenka*	ED & P	4	Present	8	–
A. K. Goswami	NED & ID	3	Absent	2	2(1)
A. Agarwal	NED & ID	–	Absent	2	–
A. Mondal	MD	4	Present	5	–

¹ C: Chairman; MD: Managing Director; NED: Non-Executive Director P: Promoter; ID: Independent Director, ED: Executive Director.

² Excludes alternate directorship and membership in committees other than Audit Committee, Shareholders'/Investors' Grievance Committee, Remuneration Committee and other than Public Limited & Foreign Companies.

³ Figures in brackets indicate other Committee Chairmanships.

*As on the date of reporting of this report, Mr. Shrivardhan Goenka has been resigned as Whole time Director and redesignated as Non Executive Director with effect from 14th August 2013, therefore now the Company is having 1 (one) Executive Director (i.e., 14.29% of total no. of Directors) and 2 (two) Non Executive Director & Promoters (i.e., 28.57% of total no. of Directors)

Details of Board Meetings held during the financial year

During the Financial Year 2012-13, 4 (four) Board Meetings were held on 4th May, 2012, 10th August, 2012, 2nd November, 2012 and 13th February, 2013 respectively.

COMMITTEES OF THE BOARD

Presently, there are three Committees of the Board – the Audit Committee, the Remuneration Committee and the Shareholders'/Investors' Grievance Committee.

The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the Committee Chairman. Signed minutes of Board Committee meetings are placed at the next meeting of the Board of Directors for information. The respective role and composition of these Committees, including the number of meetings held during the Financial Year and the related attendance are provided below:

I. Audit Committee

The Audit Committee provides general direction and oversees the audit and risk management function in the Company. It carries out periodic review of accounting policies and internal control systems, reviews the quality of internal and management audit reports, ensures the reliability of financial and other management information and adequacy of disclosures; it also acts as an interface between the statutory and internal auditors and the Board of Directors.

The terms of reference of the Audit Committee are in line with Clause 49 II (C) and (D) of the Securities & Exchange Board of India prescribed Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

The terms of reference of Audit Committee include the following:

- Overseeing Company's financial reporting process and the disclosure of its financial information.

Report of Corporate Governance (Contd.)

- Recommending appointment or removal of the external auditors, fixing of audit fees and approving payments for any services.
- Reviewing with the management the quarterly and annual financial statements with primary focus on:
 - a) Matters to be included in the Directors' Responsibility Statement comprised in the Board Report in terms of Section 217(2AA) of the Companies Act, 1956.
 - b) Accounting Policies and Practices.
 - c) Compliances with Accounting Standards
 - d) Accounting-based on exercise of judgment by Management.
 - e) Qualifications in the Draft Audit Report.
 - f) Compliance with listing and other legal requirements concerning Financial Statements
 - g) Significant adjustments arising out of audit.
 - h) Reviewing utilization of Funds raised through issue of Warrants/Shares/Debentures
 - i) The going concern assumptions
 - j) Related party transactions

k) Other matters as specified for Audit Committee in Section 292A of the Companies Act, 1956.

- Reviewing with the management, external and internal auditors the adequacy and compliance of internal control systems.
- Reviewing company's financial and risk management policies.
- Reviewing the internal audit function and reports and major findings of the Internal Auditors and follow up action.
- Pre-audit and post-audit discussion with the Statutory Auditors to ascertain any area of concern.

The Audit Committee comprises of three Non-Executive Directors, all of them being Independent Directors. The Members are Mr. S. Ray, Mr. I. Sen and Mr. A. K. Goswami. Mr. S. Ray is the Chairman of the Committee. All the members of the Committee are financially literate and have accounting and financial management expertise. The Managing Director, the Chief of Finance and the Statutory Auditors are permanent invitees to the Audit Committee.

The Company Secretary acts as Secretary to the Committee.

During the Financial Year ended 31st March, 2013, four meetings were held. The dates of such meetings, composition and the attendance of the members are furnished below:-

Serial No.	Date of Committee Meeting	Attendance record of the Members		
		S. Ray	I. Sen	A. K. Goswami
1.	4th May, 2012	Attended	Attended	Absent
2.	10th August, 2012	Attended	Attended	Attended
3.	2nd November, 2012	Attended	Absent	Attended
4.	13th February, 2013	Attended	Attended	Attended
Number of meetings held during the Financial Year ended 31st March, 2013		4	4	4
Number of meetings attended by the member		4	3	3

II. Remuneration Committee

The Remuneration Committee comprises of four Non-Executive Directors, three of whom are Independent Directors. The members are Mr. I. Sen., Chairman of the Committee, Mr. G. P. Goenka, Mr. S. Ray and Mr. A. Agarwal, Members.

The terms of reference of Remuneration Committee in brief consists of the following:

To determine on behalf of the Board of Directors and on behalf of the shareholders, the Company's policies on specific remuneration packages for Executive Directors including pension rights and any compensation payment.

The Committee approves:

- All elements of remuneration package of all the Directors i.e. salary, benefits, bonuses, stock options, pension etc.
- Details of fixed component and performance linked incentives, along with the performance criteria.
- Service contracts, notice period, severance fees.
- Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable.

During the Financial Year ended 31st March, 2013, two meetings were held. The dates of such meetings, composition and the attendance of the members are furnished below:-

Serial No.	Date of Committee Meeting	Attendance record of the Members			
		I. Sen	G.P. Goenka	S. Ray	A. Agarwal
1.	4th May, 2012	Attended	Attended	Attended	Absent
2.	10th August, 2012	Attended	Attended	Attended	Absent
Number of meetings held during the Financial year ended 31st March, 2013		2	2	2	2
Number of meetings attended by the member		2	2	2	-

Report of Corporate Governance (Contd.)

Payment of remuneration to the Managing Director and Whole time Director are governed by statutory guidelines and the Company's Service Agreements with them, the terms and conditions of which were approved by the Remuneration Committee (wherever applicable), the Board and the Shareholders. The remuneration structure mainly comprises of salary, commission, performance bonus, perquisites and allowances etc. The Non-Executive Directors do not draw any remuneration from your Company other than sitting fees for attending the Meetings of the Board and its Committees. The fees are determined by the Board from time to time within the statutory guidelines.

A. Details of remuneration of the Managing Director & CEO and Whole time Director for the Financial Year ended 31st March, 2013 is as under:

(Rs. in Lacs)

Director	Salary	Perquisites	Total
A Mondal Managing Director & CEO	135.11	3.15	138.26
Shrivardhan Goenka Whole time Director	36.00	-	36.00

(There were no stock options during the Financial Year ended on 31st March, 2013)

B. Details of sitting fees paid during the year 2012-13 to the existing Non-Executive Directors as on 31st March, 2013 are given below:

Directors	Sitting Fees		
	Board Meeting	Committee Meeting	Total
G.P. Goenka	20,000/-	10,000/-	30,000/-
S. Ray	20,000/-	90,000/-	1,10,000/-
I. Sen	15,000/-	25,000/-	40,000/-
A. Agarwal	-	-	-
A. K. Goswami	15,000/-	15,000/-	30,000/-

GENERAL BODY MEETINGS

Location and time where last three Annual General Meeting were held :

AGM	Year	Venue	Date	Time	Special Resolution	Postal Ballot
80th	2009-10	Bharatiya Bhasha Parisad 36-A Shakespeare Sarani, Kolkata - 700 017	10/09/10	10.30 AM	No	No
81st	2010-11	Kalakunj Hall (Basement), Kalamandir 48, Shakespeare Sarani, Kolkata-700 017	26/09/11	11.00 AM	No	No
82nd	2011-12	Bharatiya Bhasha Parisad 36-A Shakespeare Sarani, Kolkata - 700 017	28/09/12	11.00 AM	Yes	No

No Extra-ordinary General Meeting was held during the Financial Year.

No special resolution was passed last year through postal ballot.

At present your Company does not have any resolution to be decided by the Members by postal ballot.

Most of the resolutions were passed through show of hands.

III. Shareholders'/Investors' Grievance Committee

The Board constituted a Shareholders'/Investor's Grievance Committee in accordance with the requirements of the Listing Agreement.

The Shareholders' / Investors' Grievance Committee comprises of Mr. S. Ray, Chairman, Mr. I. Sen and Mr. A. Mondal, members. The Committee meets at least twice in every month.

Name and designation of Compliance Officer : Mr. Debabrata Thakurta, Company Secretary.

Brief description of terms of reference of the Shareholders' / Investors' Grievance Committee:

The Committee

- (i) approves and monitors transfers, transmission, rematerialisation, sub-division and consolidation of securities in physical form and issue of new and duplicate Share Certificates by your Company, and
- (ii) looks into various issues relating to shareholders/investors, including redressal of their complaints regarding transfer of shares in physical form, non-receipt of Balance Sheets, Dividends etc.

No. of Shareholders complaints received during the Financial Year 2012-13	6
No. of complaints resolved to the satisfaction of Shareholders as on 31st March, 2013	6
No. of pending share transfers as on 31st March, 2013	Nil

Report of Corporate Governance (Contd.)

DISCLOSURES

- (a) **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large:**

Save and except what has been disclosed under Note no.28 which is forming part of the Accounts of your Company for the year ended 31st March 2013, there was no materially significant related party transaction, which may have potential conflict with the interests of your Company at large.

- (b) **Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:**

Compliance

Your Company has complied with all the requirements including the provisions of Clause 49 of the Listing Agreements with Stock Exchanges as well as regulations and guidelines of SEBI. Consequently no penalties were imposed or strictures passed against the Company by SEBI, Stock Exchanges or any other Regulatory Authorities during last three years.

- (c) **Whistleblower Policy**

SCOPE :

This policy applies to all Stone India employees, including part time, temporary and contract employees.

PURPOSE :

Stone India Limited is committed to the highest possible standards of ethical, moral and legal business conduct. In line with this commitment, this policy aims to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistle blowing in good faith.

POLICY :

The whistleblower policy is intended to cover serious concerns that could have a large impact on Stone India Limited, such as actions that:

- May lead to incorrect financial reporting;
- Are unlawful;
- Are not in line with company policy, including the Code of Conduct;
- Otherwise amount to serious improper conduct.

SAFEGUARDS:

Harassment or Victimization

Harassment or victimization of the complainant will not be tolerated.

Confidentiality

Every effort will be made to protect the complainant's identity.

Anonymous Allegations

The policy encourages employees to put their names to allegations because appropriate follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously will be investigated, but

consideration will be given to:

- The seriousness of the issue raised;
- The credibility of the concern; and
- The likelihood of confirming the allegation from attributable sources.

Malicious Allegations

Malicious allegations may result in disciplinary action.

PROCEDURE:

Process For Raising A Concern

Reporting

The whistle blowing procedure is intended to be used for serious and sensitive issues.

Serious concerns relating to financial reporting, unethical or illegal conduct, should be reported in either of the following ways:

Directly to Mr. A.Mondal, Managing Director & CEO at (033)2401 4661-668 (8 Lines) or by E-Mail at mondalmit@stoneindia.co.in

Mailing address alternative for written documents:

Stone India Limited

16, Taratalla Road,

Kolkata 700088.

Employment-related concerns should continue to be reported through your normal channels such as your supervisor or the Manager – H.R. & Administration

Timing

The earlier a concern is expressed, the easier it is to take action.

Evidence

Although the employee is not expected to prove the truth of an allegation, the employee needs to demonstrate to the person contacted that there are sufficient grounds for concern.

How the Complaint will be handled

The action taken will depend on the nature of the concern. The Audit Committee of the Board of Directors of Stone India Limited receives a report on each complaint and a follow-up report on actions taken.

Initial Inquiries

Initial inquiries will be made to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved by agreed action without the need for investigation.

Report to Complainant

The complainants will be given the opportunity to receive follow-up on their concern in two weeks:

- Acknowledging that the concern was received;
- Indicating how the matter will be dealt with;
- Giving an estimate of the time that it will take for a final response;

Report of Corporate Governance (Contd.)

- Telling them whether initial inquiries have been made;
- Telling them whether further investigations will follow, and if not, why not.

Further Information

The amount of contact between the complainant and the body investigating the concern will depend on the nature of the issue and the clarity of information provided. Further information may be sought from the complainant.

Information

Subject to legal constraints the complainant will receive information about the outcome of any investigations.

The Company affirms that no personnel has been denied access to the Audit Committee.

Stone India Limited reserves the right to modify or amend this policy at any time as it may deem necessary.

(d) LIST OF MANDATORY ITEMS OF CLAUSE 49 OF THE LISTING AGREEMENT

Sl. No.	Compliances	Remarks
1.	A brief statement on Company's Philosophy on Code of Governance	Complied
2.	Stipulations regarding Board of Directors	Complied
3.	Stipulations regarding Audit Committee	Complied
4.	Stipulations regarding Remuneration Committee	Complied
5.	Stipulations regarding Shareholders Committee	Complied
6.	Stipulations regarding General Body Meetings	Complied
7.	Stipulations regarding Disclosures	Complied
8.	Stipulations regarding means of Communication	Complied
9.	Stipulations regarding General Shareholders Information	Complied

LIST OF NON-MANDATORY ITEMS OF CLAUSE 49 OF THE LISTING AGREEMENT

Sl. No.	Compliances	Remarks
1.	Stipulations regarding the Board	Will be adopted
2.	Stipulations regarding Remuneration Committee	Adopted
3.	Stipulations regarding Shareholder Rights	Being adopted
4.	Stipulations regarding Audit Qualifications	Being adopted
5.	Training of Board Members	Partly completed
6.	Mechanism for evaluating non-executive Board Members	Being adopted
7.	Whistle Blower Policy	Adopted

- (e) No equity share and Convertible Instrument were held by Non-Executive Directors as on 31st March, 2013.

CEO/CFO CERTIFICATION

The Managing Director & CEO and the Chief Financial Officer have certified to the Board that:

- (a) They have reviewed the financial statements and the cash flow statement for the year 2012-13 and that to the best of their knowledge and belief:

- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year

Report of Corporate Governance (Contd.)

2012-13 which are fraudulent, illegal or violative of the Company's code of conduct.

- (c) They accept responsibility for establishing and maintaining internal controls and they have evaluated the effectiveness of the internal control systems of the Company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit Committee:
- Significant changes in internal control during the year;
 - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

The Managing Director & CEO has given a Declaration to the effect that all Board Members and Senior Management personnel have confirmed compliance with the Code of Conduct during the Financial Year ended on 31st March, 2013.

STONE CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

Stone Code of Conduct for prevention of Insider Trading inter alia prohibits purchase/ sale of securities of the Company by the Directors & Designated Employees while in possession of unpublished price sensitive information.

MEANS OF COMMUNICATION

- (a) Quarterly Audited Results including the Half-yearly Results and the Annual Audited Results were published in Financial Express, Kolkata, Mint, Kolkata, Dainik Statesman, Kolkata, Ekdin and Aajkal, Kolkata;
- (b) The Company has a Website, the address of which is www.stoneindia.co.in. The site gives various useful information relating to corporate, products etc. A separate section has been provided dedicated to Investors and Shareholders;
- (c) During the year your Company displayed official news releases from time to time. From time to time company has made formal presentations to Bankers, institutional shareholders and analysts;
- (d) The Management Discussion and Analysis Report forms an integral part of this Annual Report to the shareholders of the Company.

GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting :

Date and Time : Wednesday, 25th September, 2013

Venue : 'Kalakunj' (Basement) Hall, Kalamandir, 48, Shakespeare Sarani, Kolkata- 700 017

(b) Financial Calendar (2012-13):

The Financial Year of your Company is April to March. Publication of Results will be as follows (tentative):

Period	Approval by the Audit Committee & Board of Directors
First Quarter ending June 30, 2013	By 2nd Week of August, 2013
Half-Year ending September 30, 2013	By 1st Week of November, 2013
Third Quarter ending December 31, 2013	By 1st Week of February, 2014
Year ending March 31, 2014 (Audited)	By 1st Week of May, 2014
AGM for the year ending March 31, 2014	September, 2014

(c) Book Closure date :

The dates of Book Closures are from 18th September, 2013 to 25th September, 2013 inclusive of both days

(d) Dividend Payment date :

Considering the overall situation of your Company, the Directors have not recommended any Dividend for the year ended 31st March, 2013.

(e) Listing :

Your Company's Shares are listed on Calcutta Stock Exchange and The Stock Exchange, Mumbai. The Stock codes assigned to the Company's shares at the above Stock Exchanges are as follows:

Sl. No.	Stock Exchange	Stock Code
1.	The Calcutta Stock Exchange Ltd., 7, Loyns Range Kolkata-700 001	029963
2.	Bombay Stock Exchange Limited New Trading Ring, Rotunda Bldg. 1st Floor, P.J. Towers, Dalal Street Fort, Mumbai - 400 001	522085

Note : Payment of Annual Listing Fees to all the above Stock Exchanges are up-to-date.

Report of Corporate Governance (Contd.)

(f) Stock Price Data :

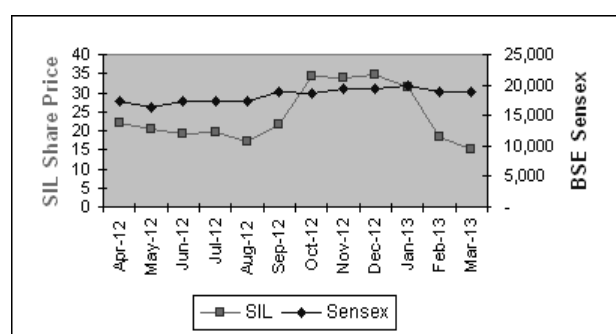
The table herein below gives the monthly high and low prices of the company's shares traded at the Stock Exchanges both at Calcutta and Mumbai for the year ended 31st March, 2013.

(in Rs.)

Month	Mumbai Stock Exchange		Calcutta Stock Exchange	
	High	Low	High	Low
April 2012	25.35	21.25	N.T.	N.T.
May 2012	22.55	19.05	N.T.	N.T.
June 2012	22.80	18.50	N.T.	N.T.
July 2012	22.45	18.20	N.T.	N.T.
August 2012	20.15	15.25	N.T.	N.T.
September 2012	23.30	16.75	N.T.	N.T.
October 2012	41.00	21.30	N.T.	N.T.
November 2012	35.45	30.20	N.T.	N.T.
December 2012	40.90	33.00	N.T.	N.T.
January 2013	38.75	26.50	N.T.	N.T.
February 2013	31.85	17.90	N.T.	N.T.
March 2013	19.25	14.00	N.T.	N.T.

N.T. : No Transaction

(g) The chart herein below shows the comparison of your company's share price movement vis-à-vis the movement of the B.S.E. Sensex.



(h) Registrar and Share Transfer Agent

C.B. Management Services (P) Limited
 Unit – Stone India Limited
 P-22, Bondel Road, Kolkata – 700 019
 Tel No. (033) 40116700-11/40116718/40116723
 2280 6692- 94/2282 3236-38/3643
 Fax No. (033) 40116739
 Email No. rta@cbmsl.com

(i) Share Transfer System:

The share transfers in physical form are at present processed and the Share Certificates are returned, duly transferred in favour of transferees, subject to all the documents being in order. Share Transfers under objection are returned immediately. The Shareholders'/Investors' Grievance Committee of the Board of Directors meets almost twice in every month to timely consider the transfer proposals in physical form.

(j) Distribution of Shareholders Holdings

The tables herein below give the distribution pattern of shareholding of the Company as on 31st March, 2013.

I Distribution of Shareholding Pattern by ownership:

Category	No. of Shares held	Percentage of Shareholding
A. Promoter's holding		
1. Promoters'		
– Indian Promoters	20,85,354	27.45
– Foreign Promoters	–	–
2. Persons acting in concert	2,20,500	2.90
Sub Total	23,05,854	30.35
B. Non-Promoters Holding		
3. Institutional Investors		
a. Mutual Funds and UTI	573	0.01
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Government Institutions)	33,910	0.45
c. Foreign Institutional Investors	–	–
Sub Total	34,483	0.46
4. Others		
a. Private Corporate Bodies	6,89,712	9.08
b. Indian Public	42,49,615	55.94
c. NRIs/OCBs	2,38,061	3.13
d. Any other (specify):		
i) Clearing Members/Corporate	78,774	1.04
Sub-Total	52,56,162	69.19
GRAND TOTAL	75,96,499	100.00

Report of Corporate Governance (Contd.)

II. Distribution of shareholding by number of shares held :

No. of Shares held	Shareholders		Shares	
	Number	%	Number	%
Upto 500	12,447	89.46	15,84,116	20.85
501 to 1000	794	5.71	6,36,385	8.38
1001 to 2000	319	2.29	4,78,481	6.30
2001 to 3000	114	0.82	2,98,501	3.93
3001 to 4000	45	0.32	1,63,600	2.15
4001 to 5000	46	0.33	2,22,113	2.92
5001 to 10000	86	0.62	6,20,361	8.17
10001 and above	62	0.45	35,92,942	47.30
Total	13,913	100.00	75,96,499	100.00

(k) Auditors' Certificate on Corporate Governance

As required under clause 49 of the Listing Agreement, the Auditors' Certificate on compliance of the Corporate Governance norms is attached.

(l) Dematerialisation of Shares

Your company's Shares are under transfer-cum-demat option. The Shareholders have the option to hold the Company's Shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).

At present 93.28% of the Company's Shares are held in electronic form and the Company's Shares can only be traded in compulsory demat segment in the Stock Exchanges.

(m) Address for correspondence with the Company

The Company attended to all Investor's grievances/queries/information requests and had replied to all letters received from the Shareholders within a week of receipt thereof.

All the correspondences may please be addressed to the Registrar and Share Transfer Agent, M/s. C. B. Management Services (Pvt) Limited.

In case any Shareholder is not satisfied with the response or do not get any response or within reasonable period from the Registrar and Share Transfer Agent, they shall approach to the Compliance Officer at the Registered Office of the Company.

Registered Office :

Stone India Limited
16, Taratalla Road
Kolkata 700 088
Tel. No. (033) 2401 4661 – 4668 (8 Lines)
Fax. No. (033) 2401 4886
Email No. info@stoneindia.co.in

The Shareholders can also lodge their complaint directly at the website of the company at www.stoneindia.co.in. There is an on line Investor Complaint form under Investor Relation Menu.

- (n) Along with this Annual Report we have enclosed a Shareholder's Response Form. You may kindly complete the same & return it to us. Your suggestion will help us to serve you better in future. Alternatively you can also complete the on-line form available in our website under Investor Relations Menu.

(o) Demat ISIN Number in NSDL & CDSL:

INE290C01015

(p) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity:

Not applicable

(q) Plant Location:

STONE INDIA LIMITED
16, Taratalla Road
Kolkata 700 088

STONE INDIA LIMITED
182, Guru Majra
Baddi Nalagarh Road
Baddi, Tehsil Nalagarh
District Solan, Himachal Pradesh

For and on behalf of the Board

Place : 16, Taratalla Road,
Kolkata 700 088.
Date : 14th August, 2013

G. P. GOENKA
Chairman

Report of Corporate Governance (Contd.)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT for the year ended 31st March 2013

1 Industry Structure and Developments :

Indian economy slowed down to a record low growth rate of 5% in the year 2012-13. This is the lowest growth rate in the last 10 years of Indian economy. The slowdown in the GDP growth is largely attributable to a dismal growth rate of 1.9% growth of the Manufacturing industry in the year.

With the low growth rate of GDP as well as fund crunch situation in Indian Railways the market demand of your company's products substantially slowed down during the period. The wagon tender for the year 2012-13 was never announced which resulted in practically no Order situation for Wagon Brakes in the year.

However even with the subdued market conditions company has been able to book Orders worth Rs.104.09 crores compared to Order booking figures of Rs.103.00 crores of 2011-12.

In the new products category orders were booked for supply of Vigilance Control Device, Fault Diagnostic & Control System, Electronic Rectifier cum Regulators, Air Springs etc.

For the year under review company has been able to book export Orders for supply of Air Brakes and Slack Adjusters.

2. Opportunities & Threats :

2.1. Opportunities :

Your company continued to record an impressive Order booking for Panel Mounted Brake System for Electric Locomotives. The company has received Orders for Panel Mounted Brake System for Electric Locomotives from Zonal Railways, CLW and BHEL. This demand is expected to grow in the coming years as both CLW and BHEL are supposed to increase their loco outturn.

Nalagarh Unit of the company has now also been registered for supply of Electric Loco Panels to BHEL and other Zonal Railways.

During the year company received Orders for Panel Mounted Brake System for Diesel Locomotives. Majority of Diesel Locomotive Panel System have been made from Nalagarh Unit.

During the year company received Orders for AM-12 Pantograph for Freight Locomotives and AM-92 Pantograph for Passenger Locomotives. The company also received Orders for AM-18B2 AC/DC Pantographs for EMU application in Mumbai area.

2.2. Threats :

There was severe price pressure from competitors particularly for Pantograph and Pantograph Spares for both Freight Locomotives as well as for Passenger Locomotives. Pantograph prices have reached a remarkably low figure and in fact from 3rd and 4th quarter onwards we have stopped booking Orders of Pantographs at such low prices.

There has been a drop in the price of Alternator during the first and second quarter of the year under report but from third quarter onwards price correction has been done and prices have reached to an optimum level.

As reported in earlier years Slack Adjuster business for OEM has reduced in this year compared to earlier year and it is expected that the Slack Adjuster business form OEM will be totally stopped from the financial year 2013-14 as Railways have switched over to Bogie Mounted Brake System for all type of Wagons.

We have earlier reported that DLW has switched over to the production of EMD Locomotives and hence the demand of Panel Mounted Brake System for Diesel Locomotives from DLW has almost become NIL and marginal business has been booked for Panel Mounted Brake System for Diesel Locomotives only for supply in export locomotives from DLW.

During the year under report there has been continuous fund crisis in the Railways leading to late receipt of payment from Railways which has affected our cash flows considerably.

In the current year funds under RSP (Rolling Stock Procurement) have been marginalized which will affect the non stock requisition cum demand leading to Works Contract for fitment of Triplate Panel etc. This will affect the company's profitability as well as margin as retro fitment work generates good revenue for the Company with high operating margins.

3. Segmentwise or productwise performance :

The company's operations fall under a single segment and hence segmental reporting as defined in Accounting Standard 17 is not applicable. For the financial year 2012-13 following are the performance figures for our main products.

3.1. Railway Products :

a) Train Lighting Alternators :

The market share obtained to the level of 15% to 17% for 4.5 KW and 18% to 20% for 25 KW Alternators. Prices for both the varieties have stabilized and for 25 KW Alternator and 4.5 KW Alternator prices have improved substantially.

b) Critical Loco Brake Valve :

Market share retained at 50%. Marginal price increases obtained for Air Brakes from Zonal Railways.

c) Air Brake Wagon & Coaches :

The market share for Freight Wagon for Air Brake was maintained around 20% and market share of Coach Air Brake maintained about 18% to 20%.

However prices of Wagon Air Brakes was not at all attractive due to severe under cutting of prices by the competitors.

Report of Corporate Governance (Contd.)

d) **Pantographs :**

Market share maintained around 50%. However, there has been severe undercutting of prices of freight pantograph over the year.

e) **Slack Adjusters :**

Market share maintained at 55% to 60%. Price level increased to a level of 5% to 6% at Zonal Railways and for Wagon Builders prices were improved to the tune of 8% to 9%.

f) **Panel Mounted Brake System for Locomotive :**

Market share maintained at 50%. Prices were increased to the tune of 3.5% to 4% for both Diesel Loco Brake Panel as well as for Electric Loco Brake Panel.

g) **Rolling Stock Spares business :**

The level of Spares business for Alternator Spares and Pantograph Spares got marginally reduced. The price of Alternator Spares have been improved but the price of Pantograph Spares have dropped due to severe undercutting in the market price.

Business of Loco Valve Spares have increased as well as business of Air Dryer Spares have also increased to a substantial level.

Business of Slack Adjuster Spares, Airbrake Spares as well as DV Spares was maintained at a steady level.

h) **Air Dryers :**

Company booked Orders for 167 Nos. Air Dryers.

4) **Outlook :**

Considering that the Railways financial position and not much fund being allocated for the RSP it is expected that demand for company product for the normal maintenance as well as for upgradation and retro fitment projects would suffer.

However, Production Units of Indian Railways have been given higher production target for Locomotive and Coaches and hence it is expected that the demand for the company products like Alternator, Coach Airbrake as well as for Pantograph will increase substantially in the year 2013-14.

Due to fund crunch and also due to under utilisation of Wagons, Railway Board has not floated any tender for Wagons in 2012-13 and no new tenders for Wagons have been floated till June 2013. This will affect company's business for supply of Airbrake for Wagons to Wagon Builders and some portion of Slack Adjusters for new Wagons to be built.

BHEL/Jhansi have established manufacture of Electric Locomotives and they have produced 62 Nos. Locomotives in the financial year 2012-13 and they plan to reach a target

figure of 77 Electric Locomotives in the year 2013-14. This will help the company to consolidate the business of Electric Loco Panel Mounted Brake System, critical Loco Valve for Electric Loco, Pantograph for Electric Loco as well as for Air Dryers for Electric Locos as well as for Vigilance Control Device and Fault Diagnostic Control System at BHEL, Jhansi.

The company has been able to execute the Developmental Order for EMU Brake System and company expects to receive repeat Developmental Order of EMU Brake System in the coming year.

Further company has already in hand Developmental Orders for Brake System of DMU Coaches which will be executed in the current financial year and company also expects to receive repeat Order for EP Brake System in the current financial year.

Further company has also received the Part – II status from RDSO for Air Spring Control Equipment which is also required for EMU and DMU Coaches.

5. **Risks and Concerns :**

As explained earlier there has been erosion of margin due to undercutting of price of Pantographs. It is expected that this will be offset with the gradual switch over to new design of Air Operated Pantographs where competition will be limited. Company has been able to receive design approval of the same in January 2013.

Further the company expects the new tender for High Reach Pantograph will be floated in the current financial year i.e. 2013-14 where company has also received the Part – II approval in May 2012.

As reported earlier there is also pressure of margin due to undercutting of prices for Wagon Air Brake by various competitors. The company is expected to offset the loss in price partially as now company's Nalagarh Unit has been approved for supply of Wagon Air Brakes as well as for Distributor Valves to Wagon Builders as well as to Zonal Railways.

6. **Internal Control Systems and their adequacy:**

The company has a well structured Internal control mechanism and the same is monitored by the internal audit conducted by an external professional audit firm, which independently reviews and strengthens the control measures. The internal audit team regularly briefs the Management and the Audit Committed on their findings and also on steps to be taken with regard to deviations, if any.

7. **Discussion on Financial Performance with respect to Operational Performance :**

(Rs. in lacs)

Particulars	2012-2013	2011-2012
Total Income	9,690.73	10,012.64
Sales	9,660.43	9,865.33
Profit after Taxation	(304.05)	320.28
Net Cash Flow from Operations	891.32	629.40
Basic EPS (Rs. Per share)	(4.00)	4.21

8. Business Development :

The major achievement for the company in the year under reporting is to execute the Developmental Order for Bogie Mounted Brake System for the newly introduced BTFLN Wagons (Bogie Tank Frameless Liquid Wagons).

Indian Railways have already taken decision to increase the production of LHB Coaches in the next few years. Considering this growth of production of LHB Coaches your company has initiated action to introduce the Permanent Magnet Alternators for LHB Coach application.

As reported last, the company had obtained Part – II status for 4.5 KW ERRUs in the year 2011-12. This has resulted Order booking of 4.5 KW ERRU in the year 2012-13.

In the current year i.e. in 2012-13 company has been able to get Part – II status for 25 KW ERRUs and this is also a major break through for the in-house Railway Electronics R&D team. The company received Orders for 25 KW ERRUs in the year 2012-13.

The company has received Part – II status for High Reach Pantograph which will be used exclusively in High Horse Power Electric Locomotive to be employed in Dedicated Freight Corridor. The major tenders of High Reach Pantographs are expected from CLW in the year 2013-14.

During the year the company has received the Part – II status approval of Fault Diagnostic Control System which is a major achievement for the Railway Electronic Team. This has resulted in further Order received of Fault Diagnostic Control System from BHEL and Zonal Railways.

Company has also received Part – II status for Air Spring Control Equipment which is exclusively employed in conjunction with Air Spring for application in EMU and DMU Coaches.

As reported earlier company has earlier received Part – II status for Vigilance Control Device and company has received bulk Order in the year 2012-13.

As a part of extension of further activities in Nalagarh Plant company has been accorded approval for supply of Electric Loco Panel Mounted Brake System from Nalagarh Unit in December 2012.

In the meanwhile CLW has further reposed the faith in the company by recommending placement of a Developmental Order for 1 Loco Set of Brake System of WAP-5 Locos (6000 Horse Power High Speed Passenger Electric Locos) subject to clearance from RDSO.

During the year company received a major Export Order for supply of Airbrake Equipment and Slack Adjusters for up gradation of Wagons from Vacuum Brake to Airbrake in Malaysia. The Order is under execution and initial supplies as made to the customer in Malaysia have proved to be successful after extensive tests and trials.

As a part of business diversification activity as reported earlier the Company had signed a MoU (Memorandum of Understanding) with M/s NRT Co., Korea for submission of quotation for Platform Screen Doors (PSD) and Platform Screen Gates (PSG) for application in Metro Railway System.

The company has submitted the first offer of such Platform Screen Door to Kolkata East West Metro in the month of January 2013 and the tender is under technical evaluation at the moment.

Further the tender will also be submitted in 2013-14 for Delhi Metro where business for retro fitment as well as for new procurement of PSD and PSG would be available in the next financial year.

9. Material Developments in Human Resources/Industrial Relations Front, including number of people employed:

Your Company lays significant importance for all round development of its Human Resources with special emphasis to train the employees at all level to enhance their effectiveness in their contribution to the overall performance of the Company through skill upgradation, knowledge improvement and attitudinal change. These enable the employees at all levels to cope with the competitive environment through which the Company is passing at present and to achieve the desired corporate objective. Regular training program are organized in order to improve the skill of the existing employees by improving their domain knowledge as well as their attitude and behavior.

Your Company is further improving on the performance of management process system, which identifies the Key Result Areas (KRAs) for employees at different management levels. The KRAs are designed to ensure the overall alignment of individual and group performance with the Company's business and growth strategy. The process identifies training and development needs of employees and develops career tracks for high performers.

The industrial relations climate in your Company continued to remain harmonious and cordial. Various welfare measures and recreational activities continue to sustain such relations.

Your Company had 401 employees on the roll at the end of the year under review as against 398 last year.

AUDITORS' CERTIFICATE

To the members of Stone India Limited

1. We have examined the compliance of the conditions of Corporate Governance by Stone India Limited for the year ended 31st March 2013 as stipulated in clause 49 of Listing Agreement of the said company with Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statement of the company.
3. In our opinion and to the best of our information and explanations given to us and representations made by the Directors and the management except as given in para 4 below, we certify that the company has complied in all material respects with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.
4. The framework of Risk Management and its controls are yet to be defined.
5. We further report that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Lodha & Co.**
Chartered Accountants
Firm ICAI Registration No. : 301051E

R.P. Singh
Partner
Membership No. 052438

Place : Kolkata
Date : 14.08.2013

CODE OF CONDUCT FOR BOARD MEMBERS & SENIOR MANAGEMENT PERSONNEL

Declaration by the Chief Executive Officer (CEO)

It is hereby declared that the Board Members & Senior Management personnel of the Company have confirmed compliance with the Code of Conduct as applicable to the Board Members & Senior Management Personnel for the financial year ended on 31st March 2013.

For **STONE INDIA LIMITED**

(A. MONDAL)
MANAGING DIRECTOR & CEO

Date : 27th May, 2013

Chief Executive Officer (CEO) and Chief Financial Officer (CFO)
Certification as per clause 49 of the Listing Agreement

To
The Board of Directors
Stone India Limited
16, Taratalla Road
Kolkata 700 088

27th May 2013

Dear Sirs,

- (a) We have reviewed the financial statements and the cash flow statement for the year 2012-13 and do certify that to the best of our knowledge and belief :
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2012-13 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify the deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- (i) Significant changes in internal control during the year,
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Thanking you,

Yours faithfully,
For **STONE INDIA LIMITED**

(A. MONDAL)
MANAGING DIRECTOR & CEO

Yours faithfully,
For **STONE INDIA LIMITED**

(S. GOSWAMI)
SR. VICE-PRESIDENT & CFO

Ten Years at a Glance

	(Rs. in Lacs)									
Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Order received	10409.00	10301.00	9950.16	9501.73	8,711.09	9,574.25	8,083.15	6,207.51	4,808.69	3,132.47
Sales (Net)	9660.43	9865.33	9144.47	9400.53	8,042.18	7,911.17	7,068.42	5,300.78	4,030.95	3,000.14
Profit before Tax	(441.67)	405.94	615.37	561.17	(757.13)	1,076.15	820.92	870.11	238.55	(895.80)
Earning per Share (Rs.)										
— Basic	(4.00)	4.21	6.00	5.80	(11.33)	11.92	10.57	11.07	3.04	(11.89)
— Diluted	(4.00)	4.21	6.00	5.80	(11.33)	11.92	10.36	10.96	2.70	(11.89)
Dividend per Share (Rs.)	—	—	—	—	—	1.25	1.25	1.00	—	—
Net Asset Employed										
Fixed Assets at Cost	6803.02	6380.12	6033.94	6616.03	6,509.64	5,815.53	5,766.24	2,975.08	2,799.72	2,826.87
Current Assets (Net)	1330.56	3993.71	3123.46	2350.04	1,625.02	2,837.02	2,560.53	3,646.86	2,727.96	2,545.74
Deferred Tax Assets (Net)	120.59	—	—	—	—	86.23	122.94	—	—	—
Profit & Loss										
Account (Dr Bal)	—	—	—	—	—	—	—	—	255.11	363.62
Net Assets Employed	10373.83	10373.83	9157.40	8966.07	8,134.66	8,738.78	8,449.71	6,621.94	5,782.79	5,736.23
Financed by										
Share Capital	760.33	760.33	760.33	760.33	760.33	760.33	899.08	899.08	753.58	753.58
Reserves	3015.94	3319.98	3062.39	3102.53	2,762.36	3,274.21	3,795.21	2,288.24	1,820.51	1,984.73
Accumulated										
Depreciation	3005.68	2740.76	2478.78	2544.06	2,275.36	2,072.63	1,884.93	1,753.60	1,684.28	1,395.00
Loans & Overdrafts	3141.81	3310.19	2822.00	2538.36	2,336.61	2,181.61	1,870.49	1,681.02	1,524.42	1,602.92
Capital Employed	10373.83	10373.83	9157.40	8966.07	8,134.66	8,738.78	8,449.71	6,621.94	5,782.79	5,736.23

Independent Auditors' Report

TO THE MEMBERS OF STONE INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Stone India Limited** ("the Company") which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified Opinion

- (a) *In respect of Rental demands from Kolkata Port trust on the Company amounting to Rs. 228.97 lacs, pending decision of the Court exact status of the liability and amount payable has not been ascertained; [Note No. 9(a)]*
- (b) *Payment of managerial remuneration amounting to Rs. 128.45 lacs (including Rs. 78.02 lacs for the year) is subject to approval of the Central Government; [Note No. 23(a)]*
- (c) *Stocks lying at different locations as stated in the Note No. 14(c) are under reconciliation with physical balances. Pending this, the consequential adjustments in this respect and adequacy of the provision made by the management cannot be ascertained and commented upon by us;*

- (d) *Revenue recognition shortfall against advances of Rs. 935.80 lacs and investment of Rs. 1.00 lac to a subsidiary in respect of a project undertaken by it, pending implementation thereof, has presently not been ascertained; [(Note No.13(b)]*
- (e) *Confirmation/reconciliation of certain debit/credit balances were not obtained and the amounts of consequential adjustments in this respect have not been determined; (Note No. 27)*
- (f) *Details regarding Micro, Small and Medium Enterprise are not available and as such required disclosure in this respect could not be given. [Note No.8(a)]*

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in the Basis for Qualified Opinion paragraph effects whereof cannot be ascertained and commented upon, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance sheet, of the state of affairs of the Company as at 31st March 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act and according to the information and explanation given to us and on the basis of such checks as we considered appropriate, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of section 227(3) of the Companies Act, 1956, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in subsection (3C) of section 211 of the Act;
 - e. On the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors, is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Lodha & Co.**
Chartered Accountants
Firm ICAI Registration No. : 301051E

Place : Kolkata
Date : 27th May, 2013

R.P. Singh
Partner
Membership No. 52438

Annexure to the Independent Auditor's Report

(Referred to in paragraph under "Report on Other Legal and Regulatory Requirements" of the report of even date.)

- i)
 - a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - b) The fixed assets of the Company are physically verified by the management over a phased manner, which we consider reasonable considering the size of the Company and nature of its assets. As explained, such verification has been carried out by the management. However, the necessary reconciliation with the book records was yet to be completed and discrepancies if any in this respect as such was not ascertainable.
 - c) In our opinion, during the year, the company has not disposed off substantial part of its fixed assets.
- ii)
 - a) The inventory except those lying with third parties has been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of verification, wherever carried out, is reasonable. In respect of stock lying with third parties necessary confirmation from them were obtained.
 - b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of its inventory except for stocks lying with third party. In respect of the physical verification carried out at the end of the year, reconciliation with physical balances was under progress and pending this discrepancies with respect to physical balances as stated in Note No. 14(c) have not been determined and as such cannot be commented upon.
- iii) Except for the advances on account of various costs incurred for undertaking Rail Runner and Bio-toilet project by two subsidiaries, as per the records of the company, it has not taken/granted any loans, secured or unsecured, to any companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Advances given to subsidiaries for undertaking the said projects are in the nature of contribution towards the project and is therefore long term and strategic in nature. *Pending implementation of the project especially the rail runner project (note no 13(b)), it is not possible to comment whether these are prima facie prejudicial to the interest of the Company.*
- iv) Having regard to the fact that comparative quotations are not available for purchase of certain items of components and fixed assets during the year, in our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have

not observed any continuing failure to correct major weaknesses in internal controls.

- v)
 - a) According to the information and explanations provided to us, particulars of the contracts or arrangement referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register maintained under Section 301 of the Act and exceeding five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not received or accepted any deposits during the year.
- vii) Internal audit of the Company has been carried out by a firm of Chartered Accountants. In our opinion, the internal audit system is commensurate with the size and nature of the business of the Company.
- viii) On the basis of the records produced, we are of the opinion that prima facie the cost records and accounts prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 have been maintained. However, we have not carried out any detailed examination of such records with a view to determine whether they are accurate or complete.
- ix)
 - a) According to the information and explanations given to us and as per the records of the Company, the Company except for Employees' State Insurance as mentioned in Note No. 9 (c) of the financial statements, tax deducted at source, Income Tax, excise duty, Professional Tax and sales tax where there were delays in depositing the dues to appropriate authorities is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Professional Tax, Wealth tax, Custom Duty, Cess and other material statutory dues applicable to it. However, according to the information and explanations given to us, except those given below, there is no undisputed amounts payable in respect of these which were in arrears, as at 31st March 2013 for a period of more than six months from the date they became payable.

ACT	TYPE	AMOUNT (Rs. In '000)	TOTAL (Rs. In '000)
CENTRAL EXCISE	DUTY	6,200.00	6,735.07
	INTEREST	535.07	
CENTRAL SALES TAX	TAX	795.19	837.54
	INTEREST	42.35	
ENTRY TAX	TAX	396.67	425.55
	INTEREST	28.88	
Total			7,998.15

- b) According to information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been

deposited on account of any dispute except as given below:

Statute	Nature of Tax	Forum where dispute is pending	Period to which related	Amount in '000
West Bengal Sales Tax Act, 1995	Sales Tax	Revisional Board	2004-05	1430
West Bengal Value Added Tax, 2003	Sales Tax	Additional Commissioner	2008-09	2198
Central Sales Tax Act, 1954	Sales Tax	Revisional Board	2003-04 2004-05 and 2005-06	3071
Central Sales Tax Act, 1954	Sales Tax	Additional Commissioner	2008-09	322
Income Tax Act, 1961	Income Tax	Appeal to be filed in the High Court	A.Y. 2006-07	1348
Central Excise Act, 1944	Service Tax	Appeal filed in CESTAT, Kolkata	2005 to 2010	4103

- x) The Company does not have any accumulated losses at the end of the financial year. Eventhough, the Company has incurred cash losses in the current financial year, it did not have cash loss in the immediately preceding financial year.
- xi) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to banks and financial institutions.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore the provision of clause 4(xiii) of the said order is not applicable to the company.
- xiv) The Company is not dealing / trading in securities.
- xv) According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) As per the information and explanations given to us and based on the documents and records produced to us in respect of term loan raised during the year, the Company has been applied such loan for the purpose for which they were raised.
- xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments.
- xviii) The Company has not made any preferential allotment of shares to parties and companies required to be covered in the register maintained under section 301 of the Act.
- xix) The Company does not have any outstanding debentures during the year.
- xx) The Company has not raised any money through a public issue during the year.
- xxi) During the course of our examination of books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the company nor have we been informed of any such case by the management.

For **Lodha & Co.**
Chartered Accountants
Firm ICAI Registration No. : 301051E

R.P. Singh
Partner
Membership No. 52438

Place : Kolkata
Date : 27th May, 2013

Statement of Profit & Loss for the year ended 31st March, 2013

(Rs. in thousand)

	Note No.	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Revenue from operations	19	966,043	986,533
Other Income	20	3,030	14,731
Total Revenue		969,073	1,001,264
Expenses			
Cost of Materials Consumed	21	563,543	593,492
(Increase)/Decrease in inventories of finished goods, work in progress and Stock-in-trade	22	(892)	(11,831)
Employee benefits expense	23	167,668	161,343
Finance Costs	24	65,409	51,103
Depreciation and amortization expense	11	27,631	19,928
Other expenses	25	189,883	146,635
Total Expenses		1,013,242	960,669
Profit/ (loss) before tax		(44,168)	40,594
Tax expense:			
(1) Current tax		—	8,647
(2) Mat Credit Entitlement		—	(8,647)
(3) Deferred tax	5	(13,763)	8,566
Profit/(Loss) for the year		(30,405)	32,028
Earnings per equity share:			
(1) Basic		(4.00)	4.21
(2) Diluted		(4.00)	4.21

Significant Accounting Policies (Note 1) and other accompanying notes are integral part of these financial statements.

For **LODHA & COMPANY**
Chartered Accountants

R.P. SINGH
Partner

Place: Kolkata
Date: 27th May, 2013

For and on behalf of **STONE INDIA LIMITED**

G.P. Goenka	Chairman
S. Ray	Director
Shrivardhan Goenka	Wholetime Director
A. Mondal	Managing Director & CEO
S. Goswami	Sr. Vice President & CFO
D. Thakurta	Company Secretary

Balance Sheet as at 31st March, 2013

(Rs. in thousand)

	Note No.	As at 31st March, 2013	As at 31st March, 2012
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	2	76,033	76,033
Reserves and surplus	3	301,594	331,998
Non-current liabilities			
Long-term borrowings	4	64,648	46,727
Deferred tax liabilities (Net)	5	—	12,059
Other Long term liabilities	6A	14,400	14,400
Long-term provisions	6B	27,607	20,346
Current liabilities			
Short-term borrowings	7	249,542	255,231
Trade payables	8	226,602	205,759
Other current liabilities	9	172,692	190,610
Short-term provisions	10	4,210	11,264
TOTAL		1,137,328	1,164,427
<u>ASSETS</u>			
Non-current assets			
Fixed assets	11		
- Tangible assets		376,771	358,276
- Intangible assets		2,966	5,660
Non-current investments	12	2,203	2,203
Deferred Tax Asset (Net)	5	1,703	-
Long-term loans and advances	13	130,080	130,369
Current assets			
Inventories	14	263,877	258,944
Trade receivables	15	248,185	280,415
Cash and cash equivalents	16	23,292	35,251
Short-term loans and advances	17	79,717	87,664
Other current assets	18	8,534	5,646
TOTAL		1,137,328	1,164,427

Significant Accounting Policies (Note 1) and other accompanying notes are integral part of these financial statements.

For **LODHA & COMPANY**
Chartered Accountants

R.P. SINGH
Partner

Place: Kolkata
Date: 27th May, 2013

For and on behalf of **STONE INDIA LIMITED**

G.P. Goenka	Chairman
S. Ray	Director
Shrivardhan Goenka	Wholetime Director
A. Mondal	Managing Director & CEO
S. Goswami	Sr. Vice President & CFO
D. Thakurta	Company Secretary

Cash Flow Statement for the year ended 31st March, 2013

	For the Year ended 31.03.13	(Rs. in thousand) For the Year ended 31.03.12
Net Profit/ (Loss) before tax and after exceptional items	(44,168)	40,594
A Adjustment For :-		
Depreciation and Amortisation	27,631	19,928
(Profit)/Loss on sale of Fixed Assets	507	—
Interest Income	(1,929)	(724)
Interest expense	65,408	51,103
Provision for doubtful debts	26,700	—
Provision for advances	8,716	—
Provision for LD & Warranty	5,776	2,000
Provision for LD & Warranty written back	(3,250)	(4,400)
Foreign Exchange Fluctuation Gain	(985)	(934)
Foreign Exchange Fluctuation Loss	707	975
Provision for Inventory	3,000	—
Provisions/liabilities no longer required written back	—	(11,059)
Operating Profit/(loss) before working capital changes	88,113	97,483
Adjustment For :-		
Trade & other receivables	36,666	(73,422)
Inventories	(7,932)	(57,127)
Trade & other payables	(28,171)	108,858
	88,676	75,792
Foreign Exchange Fluctuation Loss (net of gain)	277	(41)
Cash generated from/ (used in) operating activities	88,954	75,751
Taxes (Paid)/Refund received	178	(12,811)
Net Cash generated from/ (used in) Operating Activities	89,132	62,940
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(44,615)	(34,617)
Sale of Fixed Assets	677	—
Purchase of Investment	—	(2,100)
Interest Received	2,664	531
Net Cash generated from/ (used in) Investment Activities	(41,274)	(36,186)

Cash Flow Statement for the year ended 31st March, 2013 (Contd.)

	For the Year ended 31.03.13	(Rs. in thousand) For the Year ended 31.03.12
C. CASH FLOW FROM FINANCING ACTIVITIES		
Finance Cost	(65,408)	(51,103)
Increase/(Decrease) in borrowings	5,591	37,547
Net Cash generated from/ (used in) Financing Activities	<u>(59,817)</u>	<u>(13,556)</u>
Net Increase/ (decrease) In Cash & Cash equivalents	<u>(11,959)</u>	<u>13,198</u>
Cash & Cash equivalents at beginning	35,251	22,053
Cash & Cash equivalents at closing	23,292	35,251
Net Increase/ (decrease) in cash & cash equivalents	<u>(11,959)</u>	<u>13,198</u>

Notes :

- 1) Cash and Bank balance includes Rs 19788 (Previous year Rs 21648) which are under lien or are not freely available
- 2) The above Cash Flow Statement has been compiled/prepared based on the audited accounts of the Company under the Indirect Method as set out in the Accounting Standard - 3 on Cash Flow Statements.
- 3) Previous year's figures have been rearranged, where necessary.

As per our attached report
of even date

For **LODHA & COMPANY**
Chartered Accountants

R.P. SINGH
Partner

Place: Kolkata
Date: 27th May, 2013

For and on behalf of **STONE INDIA LIMITED**

G.P. Goenka	Chairman
S. Ray	Director
Shrivardhan Goenka	Wholetime Director
A. Mondal	Managing Director & CEO
S. Goswami	Sr. Vice President & CFO
D. Thakurta	Company Secretary

Note 1

Significant Accounting Policies

(a) Basis of Preparation of Financial Statements

The accounts have been prepared under the historical cost convention and in accordance with the provision of the Companies Act, 1956 and accounting standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

(b) Sales:

Sales (net of returns, etc.) comprise sale of goods which are accounted for on the basis of dispatches within the financial year/period and income from installation charges/job works which are recognized on acceptance by customers.

(c) Employee benefits:

Employee benefits are accrued in the period in which services are rendered by the employees.

Contribution to defined contribution schemes such as Provident Fund etc. are recognized as and when incurred.

Long term employee benefits under defined benefit scheme such as contribution to gratuity, leave etc. are determined at close of the financial year at present value of the amount payable using actuarial valuation techniques.

Actuarial gains and losses are recognised in the year when they arise.

(d) Fixed Assets and Depreciation:

- a) Fixed Assets are stated at cost less depreciation. Depreciation is provided on Straight Line Method as indicated in Schedule 11 to the Accounts. Leasehold land is amortized over the period of lease.
- b) In case of revaluation of Fixed Assets, the original cost as written up by the valuer, is considered in the accounts and the differential amount is transferred to Capital Reserve.
- c) Depreciation on assets revalued is calculated on their respective book values on Straight Line Method based on useful life either assessed technically or derived with respect to the rates specified in Schedule XIV to the Companies Act, 1956. The additional charge of depreciation on account of revaluation is deducted from the Capital Reserve and credited to the Profit & Loss Account.

(e) Impairment:

Fixed Assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of the fixed assets is determined. An impairment loss is recognized whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is greater of asset's net selling price or its value in use. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased.

(f) Inventories:

- a) Inventories are valued at the lower of cost or estimated net realizable value. Cost is determined on first in first out method of valuation.
- b) Cost of raw materials and bought out components are determined on the basis of first in first out method of valuation.
- c) Work-in-progress is valued at direct material cost, direct labour cost and allocable direct/indirect production overheads. Labour cost is determined by applying normal labour hour rates on equivalent completed production hours as estimated by the Technical Department.
- d) Finished Goods are valued after considering appropriate portion of allocable overhead considered relatable to production directly or indirectly. Allocable overheads have been determined on actual/pro-rata basis with reference to the aggregate overheads of the Company.
- e) Provision is made for slow-moving and obsolete inventories.

(g) Taxes on income :

Provision for tax is made for current and deferred taxes. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent years are recognised using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized. In case of carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is "virtual certainty" that such deferred tax assets can be realized against future taxable profits.

(h) Investments:

Long-term Investments are accounted for at cost less any permanent diminution in value.

(i) Foreign Currency:

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign Currency monetary assets and liabilities at the year end are translated using the closing exchange rates. The loss or gain thereon and also on the exchange differences on the settlement of the foreign currency transactions during the year are recognized as income or expenses.

(j) Government Grants

Grants are recognized as capital or revenue depending upon the purpose and utilisation of the proceeds there against. Revenue grants including subsidy rebates etc. are credited to the statement of Profit and Loss under "Other Income" or deducted from the related expenses. Grants related to fixed assets are credited to Capital Reserve account or adjusted in the cost of such assets as the case may be.

(k) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as the part of the cost of that asset.

(l) Finance Lease:

Assets acquired on finance leases are capitalised and a corresponding liability disclosed as lease obligations under "Borrowings". Such assets are capitalised at fair values or present value of minimum lease payments, whichever is lower, at the inception of the lease term and disclosed as leased assets. Rentals paid by the Company are apportioned between the finance charge and as a reduction of the outstanding liability. Finance charge reflects a constant periodic rate of interest of the remaining balance of liability for each period.

(m) Provision for liquidated damages and warranty costs

- a) Provision for liquidated damages in terms of agreement with customers is made as estimated based on merit and probability of its occurrence.
- b) Product warranty costs are accrued in the year of sale as estimated based on past experience.

(n) Use of Estimates, Provisions, Contingent Liabilities and Contingent Assets:

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures related to contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which results are known/materialized.

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent liabilities are disclosed by way of notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statement.

Notes to the Financial Statements for the year ended 31st March, 2013 (Contd.)

	As at 31st March, 2013	(Rs in thousand) As at 31st March, 2012
2) SHARE CAPITAL		
AUTHORISED:		
100,00,000 Equity Shares of Rs. 10/- each	100,000	100,000
ISSUED:		
76,67,963 Equity Shares of Rs. 10/- each (Previous Year 76,67,963 Equity Shares of Rs. 10/- each)	76,680	76,680
SUBSCRIBED AND FULLY PAID UP		
75,96,499 Equity Shares of Rs. 10/- each (Previous Year 75,96,499 Equity Shares of Rs.10/- each)	75,965	75,965
SUBSCRIBED AND NOT FULLY PAID UP		
13,600 Equity Shares of Rs. 10/- each (Previous year 13,600 Equity Shares of Rs.10/- each) Rs.5/- Paid on application & forfeited	68	68
TOTAL	<u>76,033</u>	<u>76,033</u>
a) Shareholders holding more than 5% shares	No. of shares	No. of shares
Name of Shareholder		
Continuous Forms (Calcutta) Limited	1,113,352	1,113,352
ISG Traders Limited	942,302	942,302
b) Terms and rights attached to equity shares		
The Company has one class of equity shares having par value of Rs 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation the equity shareholders are eligible to receive the remaining assets after discharging all liabilities of the Company, in proportion to their shareholding.		
3) RESERVES AND SURPLUS		
Capital Investment Subsidy Reserve	2,000	2,000
Other Reserve	53	53
Securities Premium account :		
Balance beginning of the year	107,457	107,457
General Reserve :		
Balance as per last account	59,556	59,556
Surplus		
Opening Balance	162,932	130,904
Add: Profit/(Loss) for the year transferred from Statement of Profit & Loss	(30,405)	32,028
Balance at the end of the year	132,527	162,932
TOTAL	<u>301,594</u>	<u>331,998</u>
4) LONG TERM BORROWINGS		
Term Loan from Indian Overseas Bank	60,638	46,727
Vehicle Loan	4,010	—
TOTAL	<u>64,648</u>	<u>46,727</u>
a) Loans taken from Indian Overseas Bank is secured by exclusive 1st charge on entire plant and machinery and other moveable fixed assets of the Company and equitable mortgage of land and building of Nalagarh unit and 2nd pari passu charge on all the current assets of the Company both present & future and is repayable in 60 monthly instalments of Rs. 1170 each starting from 30th June, 2011 (increased to Rs. 1239 from November, 2011) and 52 monthly installment of Rs. 1173 each starting from February, 2012.		
b) Vehicle Loans are secured by hypothecation of vehicles and are repayable in 60 Monthly instalments of Rs 77 starting from April 2012 and 60 Monthly instalments of Rs 53 starting from May 2012.		

Notes to the Financial Statements (Contd.)

5) DEFERRED TAX ASSET (NET)

(Rs in thousand)

	Opening		(Charge)/credit for the year ended		Closing Balance	
	As on 01.04.12	As on 01.04.11	31.03.2013	31.03.2012	As on 31.03.13	As on 31.03.12
Deferred Tax Assets :						
Unabsorbed Depreciation	2,604	11,540	(447)	(8,936)	2,157	2,604
Provision for Doubtful Debts & Advances	—	—	11,753	—	11,753	—
Provision for leave	4,317	3,328	584	989	4,901	4,317
Provision for gratuity	2,365	889	914	1,476	3,278	2,365
	9,285	15,757	12,803	(6,472)	22,089	9,285
Deferred Tax Liabilities :						
Depreciation Difference	(21,344)	(19,250)	959	(2,094)	(20,386)	(21,344)
Net Deferred Tax Asset/(Liabilities)	(12,059)	(3,493)	13,763	(8,566)	1,703	(12,059)

6A) OTHER LONG TERM LIABILITIES

Development Grant Received for BTS

TOTAL

As at 31st March,
2013

14,400

14,400

As at 31st March,
2012

14,400

14,400

- a) The development grant is for financial support from 'Department of Scientific & Industrial Research' (DSIR) for design and development of 'Biological Toilet System' (BTS) (Product) under TDDP release to be utilized for equipments and other related costs for the said project.

In terms of agreement with DSIR, the Company is required to pay annual royalty in lumpsum @26% of the grant to be disbursed to National Research Development Corporation (NRDC) on behalf of DSIR for a period of five years from the start of commercial sale of the product. Pending commencement of the commercial operation, no adjustment with respect to the royalty in terms of the agreement has been considered necessary.

6B) LONG TERM PROVISIONS

Provision for employee benefits

Provision for Gratuity

10,103

7,288

Provision for Leave

15,104

13,058

Provision for LD & Warranty

2,400

—

TOTAL

27,607

20,346

7) SHORT TERM BORROWINGS

Cash Credit from Banks

249,542

255,231

TOTAL

249,542

255,231

- a) Cash Credit from Banks are secured by way of Hypothecation of stocks and book debts and are further secured by way of a second charge on the movable fixed assets of the Company on a pari passu basis

8) TRADEPAYABLES

Acceptance

14,959

4,000

Trade Payables

211,643

201,759

TOTAL

226,602

205,759

- a) The company is in the process of compiling information with regard to suppliers covered under Micro, Small and Medium Enterprise Development Act, 2006. To the extent identified, the Company has no information from the suppliers under the Act and accordingly the disclosure as required in Section 22 of the said Act could not be given in these accounts.

Notes to the Financial Statements (Contd.)

	As at 31st March, 2013	(Rs in thousand) As at 31st March, 2012
9) OTHER CURRENT LIABILITIES		
Current maturities of long term debt	30,009	28,960
Current maturities of finance lease obligations	—	101
Book Overdraft	550	2,819
Other Liabilities	141,574	158,205
Unpaid Dividend	525	525
Interest accrued but not due	35	—
TOTAL	172,692	190,610

a) In respect of demand for increase in rentals amounting to Rs. 22,897 (Previous year and previous period Rs 22,897) (excluding additional/penal amount etc pending determination) on leasehold land from Kolkata Port Trust in the earlier years, the Company has preferred a Special Leave Petition in Hon'ble Supreme Court against the judgment of Hon'ble High Court on the matter. The Supreme Court has referred the said matter to the Calcutta High Court for a fresh decision on merit. Pending decision of the Court, provision amounting to Rs. 9,448 made their against has been considered adequate by the management and included under 'Other Liabilities'.

b) The Company has made full provision for dues to the ESI authorities arising out of the ESI (Central) – 2nd Amendment Rules, 1996 which could not be deposited with the ESI authorities because of a stay order issued by the Calcutta High Court on 25 April, 1997. Upon appeal by the department, the stay order was set aside by the Division Bench of the Calcutta High Court on 16 March, 2004. In 2009-10, the company received a claim of Rs. 3,317 for the year ended 31st March 2002 against which it had deposited Rs 1,306 and adjusted the liability to that extent. The balance liability of Rs 5,196 has been carried forward under 'Other Liabilities' pending final decision and determination of liability in this respect and the same has been considered to be adequate.

10) SHORT TERM PROVISIONS

Current Tax	—	4,390
Fringe Benefit Tax	—	2,790
Provision for LD & Warranty	4,210	4,084
TOTAL	4,210	11,264

In terms of the requirements of Accounting Standard 29 on Provisions, Contingent Liabilities and Assets, details of provisions for Liquidated Damages and Warranty are as follows:

Particulars	Opening Balance as on 01.04.12	Further provision during the year	Provision Adjusted during the year	Closing balance as on 31.03.13
Provision for liquidated damages	434	—	—	434
Provision for warranty	3,650	5,776	(3,250)	6,176
	4,084	5,776	(3,250)	6,610

Notes to the Financial Statements (Contd.)

Note 11 - FIXED ASSETS

(Rs. in thousand)

	Gross Block At Cost				Impairment		Depreciation				Net Block		
	As at 01.04.12	Additions during the year ended 31.03.13	Adjustment for the year ended 31.03.13 (at Cost)	Sales/ Adjustment for the year ended 31.03.13 (revalued Figure)	As at 31.03.13	As at 01.04.12	As at 31.03.13	As at 01.04.12	Sales/ Adjustment for the year ended 31.03.13	Sales/ Adjustment for the year ended 31.03.13 (on revalued portion)	For the year ended 31.03.13	As at 31.03.13	As at 31.03.12
A. TANGIBLE ASSETS:													
Leasehold Land & Buildings	16,202	-	-	-	16,202	-	-	5,134	-	-	278	10,789	11,068
Freehold Land & Buildings	12,429	-	-	-	12,429	-	-	1,849	-	-	173	10,406	10,580
Freehold Land at Buddy	12,841	-	-	-	12,841	-	-	-	-	-	-	12,841	12,841
Freehold Building at Buddy	42,837	-	-	-	42,837	-	-	1,846	-	-	698	40,293	40,991
Plant & Machinery	451,017	32,874	-	-	483,891	24,100	24,100	173,690	-	-	17,073	190,763	253,226
Furniture Fittings & Electrical Installations	52,095	3,238	-	-	55,333	-	-	37,994	-	-	3,385	41,379	13,954
Vehicles	1,373	1,594	585	-	788	-	-	1,068	289	-	9	788	305
Tools	27,755	6,579	-	-	29,349	-	-	13,508	-	-	2,394	15,902	14,247
Leasehold Vehicle	1,741	6,579	1,741	-	6,579	-	-	825	855	-	596	6,013	916
B. INTANGIBLE ASSETS:-													
Technical Know How	7,967	-	-	-	7,967	-	-	7,550	-	-	417	7,967	417
Computer Software	9,698	331	-	-	10,029	-	-	6,512	-	-	1,578	8,090	3,186
In-house Technology	2,057	-	-	-	2,057	-	-	-	-	-	1,030	1,030	2,057
Total	638,012	44,616	2,326	-	680,302	24,100	24,100	249,976	1,144	-	27,631	276,463	363,936
Previous Year	603,395	34,617	-	-	638,012	24,100	24,100	223,778	-	-	26,198	249,976	363,936

Notes to the Financial Statements (Contd.)

Note 11 - FIXED ASSETS (Contd.)

1. The Deed Of Conveyance/Registration relating to building at Gopalpur, Orissa is in the process of being executed by the Company and the stamp duty payable in respect thereof will be accounted for on assessment. However, the said property is in the possession of the Company.

2. Freehold land & building includes flat at New Delhi (Gross value : Rs. 9499, WDV as at 31st March 2013 and 31st March 2012: Rs. 7901 and Rs. 7994, respectively) in which the Company has one - third ownership share and is in the Company's joint possession.

3. Furniture, fittings and Electrical installations includes computer & computer peripherals.

4. Depreciation on Fixed Assets has been provided on straight line method from the date these are put to use at specified rates as under:

	<u>Year Ended 31.03.2013</u>	<u>Year Ended 31.03.2012</u>
Freehold Buildings	1.63%	1.63%
Leasehold Factory Buildings	3.34%	3.34%
Leasehold Office Buildings	1.63%	1.63%
Plant & Machinery :		
Single Shift	4.75%	4.75%
Used in manufacture of Electronic Goods - Single shift	5.38%	5.38%
Furniture & Fittings	6.33%	6.33%
Office Equipment	13.91%	13.91%
Airconditioner	13.91%	13.91%
Computer	16.21%	16.21%
Electrical Installation	13.91%	13.91%
Cycles	7.07%	7.07%
Other Vehicles	9.50%	9.50%
Technical Know How Fees	25.00%	25.00%
Tools	11.31%	11.31%

* Items below Rs. 5000 each have been depreciated @ 100%

5. Carrying value of Fixed Assets of the colour monitor unit at Kustia Road being affected due to obsolescence was considered for impairment as on 01.04.2004 and Rs 24,100 equivalent to the entire book value of the fixed assets was considered as an impairment loss in the said financial year.

6. Certain Plant and Machineries and Land & Building of the Company as on 31st December, 2001 and 1st January, 2007 was revalued by the approved valuer on Net Replacement Cost basis and Fair Value basis respectively and surplus of Rs 424965 arising therefrom was credited to Revaluation Reserve. Depreciation includes additional charge of Rs NIL for the year ended 31.03.2013 (Previous year Rs 6269) due to revaluation of Fixed Assets.

Notes to the Financial Statements (Contd.)

	(Rs. in thousand)	
	As at 31st March, 2013	As at 31st March, 2012
12) NON CURRENT INVESTMENTS		
UNQUOTED - AT COST		
Investment in Debentures		
a) TRADE		
1/2% Debentures of Woodlands Hospital & Medical Research Centre Ltd.	3	3
TOTAL	<u>3</u>	<u>3</u>
b) OTHER THAN TRADE		
Investment in equity instrument in Subsidiary Companies		
10000 Equity Shares of Rs. 10 each fully paid up in Stone Intermodal Private Limited	100	100
210000 Equity Shares of Rs. 10 each fully paid up in Stone Biotech Private Limited	2,100	2,100
TOTAL	<u>2,203</u>	<u>2,203</u>
13) LONG TERM LOANS AND ADVANCES		
(Unsecured - considered good unless otherwise stated)		
Capital Advance	28,869	28,869
Advance to related parties (Refer Note 29 (C)(d))	93,605	89,473
Earnest Money Deposit		
- Considered good	3,555	8,220
- Considered doubtful	6,520	6,520
Less : Provision for Doubtful Earnest Money Deposit	(6,520)	(6,520)
Security Deposit	4,051	3,807
TOTAL	<u>130,080</u>	<u>130,369</u>
a) Rs. 266.61 paid for acquiring technical knowhow, pending implementation thereof, has been shown as capital advance		
b) Advance to related parties includes Rs. 93,580 (Previous Year Rs. 82,643) recoverable from Stone Intermodal Private Limited (SIPL) (a subsidiary) being administrative and other costs allocated and payment for knowhow for the development of the product for "Rail Runner Project" to be undertaken by the said subsidiary and investment includes Rs 100 (Previous Year Rs 100) in the said subsidiary. However there have been certain delays in completion of the project. Considering the Company's long term involvement with SIPL and the prospects thereof the outstanding balance and investment has been considered good and recoverable.		
14) INVENTORIES		
Raw Materials	186,045	179,003
Work in Progress	75,014	72,556
Finished Goods	5,818	7,384
	<u>266,877</u>	<u>258,944</u>
Less: Provision for inventory	3,000	—
TOTAL	<u>263,877</u>	<u>258,944</u>
a) Work-in-Progress is arrived at after conversion of stocks at various stages of completion to equivalent completed production hours and have been valued at normal labour hour rates and allocated overheads apart from the material cost. \		
b) The valuation of both finished stock and work-in-progress includes allocable production overheads. The production overhead has been allocated on actual/pro-rata basis based on Management estimates of their direct or indirect linkage with production. As conversion to equivalent completed production hours and allocation as above is based on management's technical estimates, the auditors have relied upon the same.		
c) Stocks lying at different locations are under reconciliations with physical balances thereof and pending consequential adjustments, if any, arising in this respect, provision of Rs 3000 ('000) has been made in these accounts.		

Notes to the Financial Statements (Contd.)

	As at 31st March, 2013	(Rs. in thousand) As at 31st March, 2012
15) TRADE RECEIVABLES		
(Unsecured - considered good unless otherwise stated)		
Over Six Months		
- Considered good	37,123	59,493
- Considered Doubtful	27,500	800
Other debts		
- Considered good	211,062	220,922
Less : Provision for doubtful debts	<u>(27,500)</u>	<u>(800)</u>
TOTAL	<u>248,185</u>	<u>280,415</u>
Due date of 30 days have been considered as the general term for all debtors		
16) CASH AND CASHEQUIVALENTS		
Cash in hand	1,807	2,067
Cash at bank		
- Current Accounts	1,097	927
Other Bank Balances:		
- Dividend Accounts	600	609
- Margin Money Deposit (Under Lien)	7,900	9,985
- Fixed Deposit for remaining maturity of more than 3 months but less than 12 months (Under Lien- Rs. 11888, Previous Year Rs. 11663)	<u>11,888</u>	<u>21,663</u>
	<u>23,292</u>	<u>35,251</u>
a) Fixed deposits held for more than 12 months	75	75
17) SHORT TERM LOANS AND ADVANCES		
(Unsecured - considered good unless otherwise stated)		
Advance to Suppliers		
- Considered good	47,547	73,281
-Considered doubtful	8,716	—
Less: Provision for doubtful advances	<u>(8,716)</u>	<u>—</u>
	47,547	73281
Earnest Money deposit	3087	
Other Loans and Advances	5,590	5,453
Advance to related parties (Details as given in Note 29 (C)(d))	14603	283
Advance payment of Income Tax , Fringe Benefit Tax and Tax Deducted at Source	243	—
MAT Credit Entitlement	<u>8,647</u>	<u>8,647</u>
TOTAL	<u>79,717</u>	<u>87,664</u>
a) During the last year, the Company was liable to pay Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961 (the Act) and the amount paid as MAT is allowed to be carried forward for being set-off against the future tax liabilities to the extent credit will be available in terms of the relevant provisions of the Act. Accordingly, as advised in guidance note on "Accounting for credit available in respect of minimum alternate tax under the Income Tax Act, 1961" issued by the Institute of Chartered Accountants of India, Rs 8647 ('000) being the credit available have been carried forward as MAT Credit Entitlement.		
18) OTHER CURRENT ASSETS		
(Unsecured - considered good unless otherwise stated)		
Deposit with government authorities etc.	6,898	4,745
Interest Receivable	<u>1,636</u>	<u>901</u>
TOTAL	<u>8,534</u>	<u>5,646</u>

Notes to the Financial Statements (Contd.)

	(Rs. in thousand)	
	For the Year ended 31.03.13	For the Year ended 31.03.12
19) REVENUE FROM OPERATIONS		
Sale of Products		
Inland	1,031,562	1,068,859
Export	25,983	5,741
Sale of Services	15,607	10,163
Less : Excise Duty on sale of products	(106,915)	(97,281)
Less: Service tax on sale of services	(194)	(949)
Net Sales	<u>966,043</u>	<u>986,533</u>
a) Earnings in foreign exchange FOB value of exports	25,982	5,741
20) OTHER INCOME		
Foreign Exchange Gain	985	934
Service Income	—	2,000
Liabilities no longer required, written back	—	11,059
Interest income	1,929	724
Miscellaneous Receipts	116	14
TOTAL	<u>3,030</u>	<u>14,731</u>
21) COST OF MATERIAL CONSUMED		
Opening Stock of Raw Material	179,003	133,708
Add: Purchases	557,429	623,857
Duty, Landing, Clearing & Freight	14,839	16,098
Less: Sale of scrap	(1,682)	(1,167)
Less: Closing Stock	(186,045)	(179,003)
	<u>563,543</u>	<u>593,492</u>
a) Raw Materials Consumed (*)		
Items		
**Ferrous Metal	12,400	9,288
**Non-Ferrous Metal	5,138	4,966
Stampings	12,573	15,139
Castings	27,492	24,024
Bearings	10,071	12,330
Piece Parts [includes A.C. Spares]	495,685	527,594
***Others	184	151
	<u>563,543</u>	<u>593,492</u>
* Raw materials consumed are after adjustment including shortage/excess and losses thereagainst.		
** Including items which are normally dealt with in the market in quantitative denomination other than in weight.		
*** Includes various items with different quantitative denominations.		
b) Consumption of raw material, spare parts and components		
Imported:		
Amount	28,348	36,053
% of total consumption	4.78%	5.78%
Indigenous :		
Amount	564,432	587,712
% of total consumption	95.22%	94.22%
TOTAL	<u>592,780</u>	<u>623,765</u>
c) C.I.F. Value of Imports		
Raw Materials	24,688	25,414
Components and spare parts	10	3,351
Capital goods	—	4,360
TOTAL	<u>24,698</u>	<u>33,125</u>

Notes to the Financial Statements (Contd.)

	(Rs. in thousand)	
	For the Year ended 31.03.13	For the Year ended 31.03.12
22) (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
Opening Stock		
Work in Progress	72,556	60,524
Finished Goods	7,384	7,585
Closing Stock		
Work in Progress	(75,015)	(72,556)
Finished Goods	(5,818)	(7,384)
TOTAL	(892)	(11,831)
23) EMPLOYEE BENEFIT EXPENSE		
Salaries and Wages	141,931	133,321
Contribution to Provident and Other Funds	11,846	14,552
Staff Welfare	13,891	13,470
(INCREASE)/DECREASE IN INVENTORIES	167,668	161,343
a) Remuneration amounting to Rs. 7517 ('000) and Rs 285 ('000) for the year ended 31st Mar, 2013 (Rs. 3161('000) and Nil for the year ended 31st March, 2012) payable to the Managing Director and Wholetime Director respectively, are in excess of the approval received from the Central Government. Steps are being taken for further approval in this respect including their re-appointment.		
24) FINANCE COSTS		
Interest Expense	52,058	46,225
Other borrowing costs	13,351	4,878
TOTAL	65,409	51,103
25) OTHER EXPENSES		
Consumption of Stores	29,237	30,273
Power and Fuel	15,064	12,680
Insurance	1,125	538
Rent (Net)	4,714	4,345
Rates & Taxes	3,454	1,059
Selling & Distribution Expenses	5,900	5,752
Commission	4,926	4,923
Business Development Expenses	473	514
Legal & Professional Expenses	9,563	18,457
<u>Repairs :</u>		
Buildings	638	275
Plant & Machinery	237	556
Others	4,555	4,206
Freight & Transport	20,220	19,327
Travelling & Conveyance	20,529	18,835
Postage, Telephone & Stationery	6,807	6,883
Provision for bad debts & others	35,416	—
Provision for inventory	3,000	—
Provision for LD & warranty	5,776	2,000
Provision for LD & warranty written back	(3,250)	(4,400)
Royalty	2,226	1,448
Foreign Exchange Loss	707	975
Bank Charges	2,371	6,077
Loss on Sale of Fixed Assets	507	—
Miscellaneous expenses	15,688	11,912
TOTAL	189,883	146,635

Notes to the Financial Statements (Contd.)

(Rs. in thousand)

	For the Year ended 31.03.13	For the Year ended 31.03.12
a) Payments to the auditors (included in Legal & Professional charges) :		
As Statutory Auditor (including quarterly audit fees)	600	420
Other certifications etc	205	68
TOTAL	805	488
b) Expenditure in foreign currency		
Royalty	2,226	1,448
Travelling	3,274	1,104
Professional and consultancy fees	—	4,833
TOTAL	5,500	7,385

26) Contingent Liabilities and Commitments

Particulars	As at 31.03.2013	As at 31.03.2012
a) Claims against the Company not acknowledged as debts:		
- in respect of Sales tax matters under appeals at different levels	7,021	7,021
- in respect of Income tax matters in appeal at Hon'ble High Court at Kolkata	1,348	1,348
- Service Tax matter in appeal at CESTAT, Kolkata (excluding Interest and Penalty)	5,470	—
- demand raised by technology supplier for which the arbitration award is awaited	15,600	15,600
b) Commitments on Capital Accounts (net of advances):		
Tangible Assets	1,638	1,881
Intangible Assets	—	18,870

27) Certain debit and credit balances including accounts receivables, trade payables and loans & advances are subject to confirmation and reconciliation arising therefrom.

28) Earning per share

Particulars	Year ended 31.03.13	Year ended 31.03.12
Net Profit/(Net Loss) attributable to equity holders (in Rs.)	(30,405)	23,516
Number of Equity Shares issued (including 6,800 shares on equivalent basis)	7,603,299	7,603,299
Basic and Diluted Earnings per share in Rs. (Face value Rs 10/- per share)	(4.00)	3.09

29) Related Party Disclosures:

(A) Name of related parties

(a) Enterprise where control exists: Stone Intermodal Private Limited and Stone Biotech Private Limited (Subsidiaries)

(b) Associates:

- i) Duncans Tea Limited
- ii) Odyssey Travels Limited
- iii) Shubh Shanti Services Limited
- iv) NRC Limited
- v) Sewand Investments Pvt. Ltd
- vi) Dail Consultants Ltd
- vii) Duncans Industries Ltd
- viii) Kavita Marketing Pvt. Ltd
- ix) Julex Commercial Company Ltd
- x) ISG Traders Limited
- xi) Continuous Forms (Calcutta) Limited

(c) Key Management Personnel (KMP)

Mr. A. Mondal	:	Managing Director & CEO
Mr. S. Goenka	:	Wholetime Director

Notes to the Financial Statements (Contd.)

(B) The parties listed in (b) above though not required to be disclosed as per requirements of AS-18, have been included hereinabove in view of the requirement of Clause 32 of the Listing Agreement.

(C) Statement showing details of AS-18 related transactions:

a) Transactions with Subsidiaries:

	Year ended 31.03.13	Year ended 31.03.12
Service Income		
Stone Biotech Private Limited	—	2,000
Advance Given		
Stone Intermodal Private Limited	10,937	28,846
Stone Biotech Private Limited	7,490	6,830

b) Transactions with Associate Companies:

	Year ended 31.03.13	Year ended 31.03.12
Julex Commercial Company Ltd		
Commission	7,028	4,923
Odyssey Travels Ltd.		
Travelling Expenses	708	1,105

c) Transactions with key management personnel:

	Year ended 31.03.13	Year ended 31.03.12
Remuneration		
Mr. A. Mondal	13,827	12,181
Mr. S. Goenka	3,600	3,200

d) Balances with above related parties :

	As at 31.03.13	As at 31.03.12
Associate Companies		
Odyssey Travels Ltd. (Payable)	—	89
Duncans Industries Limited (Advance)	283	283
Seward Investments Private Limited (Payable)	10	10
Julex Commercial Company Limited (Payable)	5,753	187
Subsidiaries		
Stone Intermodal Private Limited (Advance)	93,580	82,643
Stone Biotech Private Limited (Advance)	14,320	6,830

Notes:

- In respect of above parties, there is no further provision for doubtful debts as on 31st March 2013 and no amount has been written off or written back during the year in respect of debts due from / to them.
- The above Related Parties information is as identified by the Management and relied upon by the auditors.

Notes to the Financial Statements (Contd.)

30) Disclosure of Lease Payments as per AS-19

The future obligation for vehicles taken on finance lease is given below:

Particulars	As at 31.03.13	As at 31.03.12
Not later than one year	—	112
Less: Amount representing future interest	—	11
Present Value of minimum lease rentals	—	101

31) Employee Benefits:

i) The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006, are given below :

a) Defined Contribution Scheme :

Contribution to Defined Contribution Plan, recognized for the year are as under :

Employer's Contribution to Provident Fund – Rs. 4,854 (Previous Year Rs. 4,084)

Employer's Contribution to Pension Fund – Rs. 2,526 (Previous Year Rs. 2,547)

Employer's Contribution to Superannuation Fund – Rs. 1,211 (Previous Year Rs. 1,268)

b) Defined Benefit Scheme

The employee's gratuity fund scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Leave Encashment is recognized in the same manner as gratuity.

Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Non-Funded)	Leave Encashment (Non-Funded)
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
1 Current Service Cost	2,310	1,760	2,499	1,887
2 Interest Cost	2,863	2,061	1,077	733
3 Expected return on plan assets	(2,341)	(2,140)	—	—
4 Past Service Cost*	—	(838)	—	(272)
5 Actuarial Losses/(Gains)	(17)	5,207	(224)	2,893
Total Expenses	2,815	6,049	3,352	5,241
Change in the obligation during the year ended March 31, 2012				
1 Present value of Defined Benefit Obligation at the beginning of the year	33,300	25,843	13,306	10,258
2 Current Service Cost	2,310	1,760	2,499	1,887
3 Interest Cost	2,863	2,061	1,077	733
4 Benefit Paid	—	(159)	(1,554)	(2,194)
5 Actuarial (Gains) / Losses	(17)	4,633	(224)	2,893
6 Planned Amendment Cost*	—	(838)	—	(272)
Present value of Defined Benefit Obligation at the end of the year	38,456	33,300	15,104	13,306

Notes to the Financial Statements (Contd.)

Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Non-Funded)	Leave Encashment (Non-Funded)
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
Change in Assets during the year ended March 31, 2012				
1 Plan Assets at the beginning of the year	26,012	23,105	—	—
2 Contribution by Employer	—	1,500	1,554	2,194
3 Expected return on plan assets	2,341	2,140	—	—
4 Benefit Paid	—	(159)	(1,554)	(2,194)
5 Actuarial Gains/(Losses)	—	(574)	—	—
Plan Assets at the end of the year	28,353	26,012	—	—
Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet during the year ended March 31, 2012				
1 Net Asset/(Liability) at beginning of the year	(7,288)	(2,739)	(13,306)	(10,258)
2 Employer Expenses	(2,815)	(6,049)	(3,352)	(5,241)
3 Employer Contributions/Payment	—	1,500	1,554	2,194
4 Net Asset/(Liability) at the end of the year	(10,103)	(7,288)	(15,104)	(13,306)
Actuarial Assumptions				
1 Discount Rate	8.10%	8.60%	8.10%	8.60%
2 Expected Rate of Return on Plan Assets	9.00%	9.00%	—	—

Note:

Assumptions related to future salary increases, attrition, interest rate for discount and overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.

Past Service Cost has been accrued on account of increase in the age limit from 58 years to 60 years and change in leave policy. In the previous year, Past Service Cost has been accrued on account of increase in the Ceiling Limit of Gratuity under the Payment of Gratuity Act, 1972.

ii) Disclosure in terms of Para 120(n) of AS 15 (revised 2005)

Particulars	Gratuity (Funded)			
	31/03/2013	31/03/2012	31/03/2011	31/03/2010
Present Value of Defined Benefit Obligation	38,456	33,300	25,843	21,157
Fair Value of Plan Assets	28,353	26,012	23,105	20,923
Surplus / (Defecit)	(10,103)	(7,288)	(2,738)	(234)
Experience Adjustments on Plan Liabilities - (Loss) / Gain	1,541	(1,050)	(2,423)	(891)
Experience Adjustments on Plan Assets - (Loss) / Gain	—	(574)	(617)	1,548

Notes to the Financial Statements (Contd.)

Particulars	Leave (Non-Funded)			
	31/03/2013	31/03/2012	31/03/2011	31/03/2010
Present Value of Defined Benefit Obligation	15,104	13,306	(10,258)	(7,791)
Experience Adjustments on Plan Liabilities - (Loss) / Gain	853	(1,317)	(2,955)	(1,069)

- 32) The Company is engaged primarily in the business of "Rail Products" and all other activities are incidental thereto. Further, the company sells primarily in the domestic market where its operations are governed by the same set of risks and returns and the overseas sales are not material to become reportable for the purpose. Accordingly, the separate primary and secondary segment reporting disclosure as envisaged in Accounting Standards (AS-17) on Segment Reporting is not applicable to the company.
- 33) All the numerical figures stated hereinabove has been expressed in terms of Rs. in thousand.
- 34) Previous year's figures have been re-arranged / re-grouped wherever necessary.

For **LODHA & COMPANY**
Chartered Accountants

R.P. SINGH
Partner

Place: Kolkata
Date: 27th May, 2013

For and on behalf of **STONE INDIA LIMITED**

G.P. Goenka	Chairman
S. Ray	Director
Shrivardhan Goenka	Wholtime Director
A. Mondal	Managing Director & CEO
S. Goswami	Sr. Vice President & CFO
D. Thakurta	Company Secretary

Statement pursuant to Section 212(1)(e) of the Companies Act, 1956 as at 31st March, 2013

1. Name of the Company	STONE INTERMODAL PRIVATE LIMITED	STONE BIO-TECH PRIVATE LIMITED		
2. Financial Year ended on	31st March, 2013	31st March, 2013		
3. Holding Company's Interest	Out of the total subscribed capital of Rs. 1,00,000/- consisting of 10,000 Equity Shares of Rs. 10/- each, the entire 10,000 Equity Shares of Rs. 10/- each of the total nominal value of Rs. 1,00,000/- are held by the Company.	Out of the total subscribed capital of Rs. 38,00,000/- consisting of 3,80,000 Equity Shares of Rs. 10/- each, 2,10,000 Equity Shares of Rs. 10/- each, amounting to Rs. 21,00,000/- are held by the Company.		
	For the year ended 31st March 2013 Rs.	For the year ended 31st March 2012 Rs.	For the year ended 31st March 2013 Rs.	For the year ended 31st March 2012 Rs.
4. The net aggregate amount of Subsidiary's Profit/(Loss) not dealt with in the Company's Account	NIL	NIL	NIL	NIL
5. The net aggregate amount of Subsidiary's Profit/(Loss) dealt with in the Company's Account	NIL	NIL	NIL	NIL
6. Material changes between the end of the Financial Year of the Subsidiary Company and as at 31st March, 2013				
(a) Fixed Assets	NIL	NIL	NIL	NIL
(b) Investments	NIL	NIL	NIL	NIL
© Money lent by the Subsidiary	NIL	NIL	NIL	NIL
(d) Moneys borrowed by the Subsidiary Company other than for meeting current liabilities	NIL	NIL	NIL	NIL

For and on behalf of **STONE INDIA LIMITED**

G.P. Goenka	Chairman
S. Ray	Director
Shrivardhan Goenka	Wholtime Director
A. Mondal	Managing Director & CEO
S. Goswami	Sr. Vice President & CFO
D. Thakurta	Company Secretary

Place : Kolkata
Date : 27th May, 2013

**STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES IN TERMS OF THE
CIRCULAR NO. 2/2011 DATED 8TH FEBRUARY, 2011 ISSUED BY THE
MINISTRY OF CORPORATE AFFAIRS, GOVERNMENT OF INDIA**

(Amount in Rs.)

Serial No.	Particulars	Stone Intermodal Private Limited		Stone Bio-Tech Private Limited	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
1	Capital Authorised Issued & Subscribed	100,000,000 100,000	100,000,000 100,000	10,000,000 3,800,000	10,000,000 3,000,000
2	Reserves	—	—	(115,56,470)	(85,26,817)
3	Total Assets	138,966,700	127,870,185	9,739,832	2,630,129
4	Total Liabilities	138,866,700	127,770,185	17,496,301	8,156,946
5	Details of Investment (except Investment in Subsidiary)	—	—	—	—
6	Turnover	—	—	10,240,136	1,258,771
7	Profit/(Loss) before Taxation	—	—	(3,029,653)	(85,26,817)
8	Provision for Taxation	—	—	—	—
9	Profit/(Loss) after Taxation	—	—	(3,029,653)	(85,26,817)
10	Proposed Dividend	—	—	—	—

For and on behalf of **STONE INDIA LIMITED**

G.P. Goenka	Chairman
S. Ray	Director
Shrivardhan Goenka	Wholetime Director
A. Mondal	Managing Director & CEO
S. Goswami	Sr. Vice President & CFO
D. Thakurta	Company Secretary

Place : Kolkata
Date : 27th May, 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of STONE INDIA LIMITED

On the Consolidated Financial Statements of Stone India Limited and its' Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of STONE INDIA LIMITED ("the Company") and its subsidiaries which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

- (a) In respect of Rental demands from Kolkata Port trust on the Company amounting to Rs. 228.97 lacs, pending decision of the Court exact status of the liability and amount payable has not been ascertained; (Note No. 9(a))
- (b) Payment of managerial remuneration amounting to Rs.128.45 lacs (including Rs. 78.02 for the year) is subject to approval of the Central Government; Note No. 23(a)
- (c) Stocks lying at different locations as stated in the Note No. 14(c) are under reconciliation with physical balances. Pending this, the consequential adjustments in this respect and adequacy of the provision made by the management cannot be ascertained and commented upon by us;
- (d) In respect of the Rail Runner Project undertaken by one of the subsidiaries of the Company, the state of the preoperative and other costs incurred for the same and carried forwards as Capital Work in Progress and consequential impact including those which are of revenue in the nature to be shown in the Statement of Profit and Loss Account, has presently not been determined and as such cannot be commented upon by us. (Note No.11(7)(c))
- (e) Confirmation/reconciliation of certain debit/credit balances were not obtained and the amounts of consequential adjustments in this respect have not been determined; (Note No. 27)
- (f) Details regarding Micro, Small and Medium Enterprise are not available and as such required disclosure in this respect could not be given.(Note No.8(a))

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in the Basis for Qualified Opinion paragraph effects whereof cannot be ascertained and commented upon, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (ii) In the case of the Consolidated Profit and Loss Account, of loss for the year ended on that date; and
- (iii) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Lodha & Co.**
Chartered Accountants
Firm ICAI Registration No. : 301051E

R. P. Singh
Partner
Membership No: 52438

Place : Kolkata
Date : 27th May, 2013

Statement of Profit & Loss (Consolidated) for the year ended 31st March, 2013

(Rs. in thousand)

	Note No.	For the Year ended 31st March 2013	For the Year ended 31st March 2012
Revenue from operations	19	976,283	987,792
Other Income	20	3,030	12,731
Total Revenue		979,313	1,000,523
Expenses			
Cost of Materials Consumed	21	565,671	595,042
(Increase)/Decrease in inventories of finished goods, work in progress and Stock-in- trade	22	(926)	(12,996)
Employee benefits expense	23	173,398	165,936
Finance Costs	24	65,409	51,103
Depreciation and amortization expense	11	28,200	19,932
Other expenses	25	194,758	149,440
Total Expenses		1,026,510	968,457
Profit/ (Loss) before tax		(47,197)	32,066
Tax expense:			
(1) Current tax		—	8,647
(2) Mat Credit Entitlement		—	(8,647)
(3) Deferred tax	5	(13,763)	8,566
Profit/(Loss) for the year		(33,434)	23,500
Minority Interest		(884)	(16)
Net Profit/(Loss) for the year		(32,550)	23,516
Earnings per equity share:			
(1) Basic		(4.28)	3.09
(2) Diluted		(4.28)	3.09

Significant Accounting Policies (Note 1) and other accompanying notes are integral part of these financial statements.

For **LODHA & COMPANY**
Chartered Accountants

R.P. SINGH
Partner

Place: Kolkata
Date: 27th May, 2013

For and on behalf of **STONE INDIA LIMITED**

G.P. Goenka	Chairman
S. Ray	Director
Shrivardhan Goenka	Wholtime Director
A. Mondal	Managing Director & CEO
S. Goswami	Sr. Vice President & CFO
D. Thakurta	Company Secretary

Balance Sheet (Consolidated) as at 31st March, 2013

(Rs. in thousand)

	Note No.	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	76,033	76,033
(b) Reserves and surplus	3	291,736	323,487
Minority Interest		—	884
(2) Non-current liabilities			
(a) Long-term borrowings	4	64,648	46,727
(b) Deferred tax liabilities (Net)	5	—	12,059
(c) Other Long term liabilities	6A	61,569	60,123
(d) Long-term provisions	6B	27,607	20,346
(3) Current liabilities			
(a) Short-term borrowings	7	249,540	255,231
(b) Trade payables	8	227,283	206,359
(c) Other current liabilities	9	173,826	190,688
(d) Short-term provisions	10	4,210	52,445
TOTAL		1,176,453	1,244,382
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		380,962	358,310
(ii) Intangible assets		3,004	5,712
(iii) Capital WIP		138,795	127,691
(b) Non-current investments	12	3	3
(c) Deferred Tax Asset (Net)	5	1,703	—
(d) Long-term loans and advances	13	22,180	40,896
(2) Current assets			
(a) Inventories	14	265,075	260,109
(b) Trade receivables	15	250,835	280,913
(c) Cash and cash equivalents	16	24,154	35,933
(d) Short-term loans and advances	17	81,001	128,953
(e) Other current assets	18	8,740	5,862
TOTAL		1,176,453	1,244,382

Significant Accounting Policies (Note 1) and other accompanying notes are integral part of these financial statements.

For **LODHA & COMPANY**
Chartered Accountants

R.P. SINGH
Partner

Place: Kolkata
Date: 27th May, 2013

For and on behalf of **STONE INDIA LIMITED**

G.P. Goenka Chairman
S. Ray Director
Shrivardhan Goenka Wholetime Director
A. Mondal Managing Director & CEO
S. Goswami Sr. Vice President & CFO
D. Thakurta Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2013

	For the Year ended 31.03.13	(Rs in thousand) For the Year ended 31.03.12
Net Profit/ (Loss) before tax and after exceptional items	(47,197)	32,066
A Adjustment For :-		
Depreciation and Amortisation	28,200	19,932
(Profit)/Loss on sale of Fixed Assets	507	—
Interest Income	(1,929)	(724)
Interest expense	65,408	51,103
Provision for doubtful debts	26,700	—
Provision for doubtful advances	8,716	—
Provision for LD & Warranty	5,776	2,000
Provision for LD & Warranty written back	(3,250)	(4,400)
Provision for Inventory	3,000	—
Foreign Exchange Fluctuation Gain	(985)	(934)
Foreign Exchange Fluctuation Loss	707	975
Provisions/liabilities no longer required written back	—	(11,059)
Operating Profit/(loss) before working capital changes	85,653	88,959
Adjustment For :-		
Trade & other receivables	92,955	(38,115)
Inventories	(7,966)	(58,292)
Trade & other payables	(66,771)	114,905
	103,871	107,457
Foreign Exchange Fluctuation Loss (net of gain)	278	(41)
Cash generated from/ (used in) operating activities	104,149	107,416
Taxes (paid)/ Refund received	177	(12,811)
Net Cash generated from/ (used in) Operating Activities	104,326	94,605
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(49,328)	(34,707)
Sale of Fixed Assets	677	—
Decrease (Increase) in Capital WIP	(11,103)	(33,774)
Interest Received	2,664	81
Net Cash generated from/ (used in) Investment Activities	(57,090)	(68,400)

Consolidated Cash Flow Statement for the year ended 31.03.2013

	For the Year ended 31.03.13	(Rs in thousand) For the Year ended 31.03.12
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	800	900
Interest paid	(65,408)	(51,103)
Increase/(Decrease) in borrowings	5,593	37,547
Net Cash generated from/(used in) Financing Activities	<u>(59,015)</u>	<u>(12,656)</u>
Net Increase/ (decrease) in Cash & Cash equivalents	<u>(11,779)</u>	<u>13,550</u>
Cash & Cash equivalents at beginning	35,933	22,383
Cash & Cash equivalents at closing	24,154	35,933
Net Increase/ (decrease) in cash & cash equivalents	<u>(11,779)</u>	<u>13,550</u>

Notes :

- 1) Cash and Bank balance includes Rs 19788 (Previous year Rs 21648) which are under lien or are not freely available.
- 2) The above Cash Flow Statement has been compiled/prepared based on the audited accounts of the Company under the Indirect Method as set out in the Accounting Standard - 3 on Cash Flow Statements.
- 3) Previous year's/periods figure's have been rearranged, where necessary.

As per our attached report of
even date

For **LODHA & COMPANY**
Chartered Accountants

R.P. SINGH
Partner

Place: Kolkata
Date: 27th May, 2013

For and on behalf of **STONE INDIA LIMITED**

G.P. Goenka	Chairman
S. Ray	Director
Shrivardhan Goenka	Wholetime Director
A. Mondal	Managing Director & CEO
S. Goswami	Sr. Vice President & CFO
D. Thakurta	Company Secretary

Note 1
SIGNIFICANT ACCOUNTING POLICIES
(a) Principles of Consolidation

- (i) The Consolidated Financial Statements of Stone India Limited ("the Company") and the Subsidiary Company ("Subsidiary") have been prepared in accordance with Accounting Standard (AS 21) on "Consolidated Financial Statements".
- (ii) The Consolidated Financial Statements relate to Stone India Limited (the Company) and, its subsidiaries (Group). The details are given in (iv) below.
- (iii) The basis of preparation of the Consolidated Financial Statements is as follows:
 - The financial statements of the Company and the Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and transactions if any and the resulting unrealized profits or losses.
 - The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the consolidated financial statements as Goodwill or Capital reserve as the case may be.
 - Minority Interest's share of profit of consolidated subsidiaries for the year is identified and adjusted against the revenue of the Group in order to arrive at the net revenue attributable to the shareholders of the Company. The excess of loss over the minority interest in the equity is adjusted in majority interest.
 - Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.
 - The financial statements of the subsidiaries used in the consolidation are drawn upto 31st March, 2013, the same reporting date as that of the Company.
- (iv) The Subsidiaries which have been included in this Consolidated Financial Statements along with the Company's holdings therein are as under:

Name of the Company	Country of Incorporation	% Voting Power	Date of acquisition
Stone Intermodal Private Limited	India	100%	15th October, 2008
Stone Biotech Private Limited	India	70%	19th August, 2011 & 26th March, 2012

(b) Basis of Preparation of Financial Statements

The accounts have been prepared under the historical cost convention and in accordance with the provision of the Companies Act, 1956 and accounting standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

(c) Sales:

Sales (net of returns, etc.) comprise sale of goods which are accounted for on the basis of dispatches within the financial year/period and income from installation charges/job works which are recognized on acceptance by customers.

(d) Employee benefits:

Employee benefits are accrued in the period in which services are rendered by the employees.

Contribution to defined contribution schemes such as Provident Fund etc. are recognized as and when incurred.

Long term employee benefits under defined benefit scheme such as contribution to gratuity, leave etc. are determined at close of the financial year at present value of the amount payable using actuarial valuation techniques.

Actuarial gains and losses are recognised in the year when they arise.

(e) Fixed Assets and Depreciation :

- a) Fixed Assets are stated at cost less depreciation. Depreciation is provided on Straight Line Method as indicated in Schedule 11 to the Accounts. Leasehold land is amortized over the period of lease. However, Bio-Toilets (Rented out) have been depreciated @20% based on an estimated useful life of 5 yrs.
- b) In case of revaluation of Fixed Assets, the original cost as written up by the valuer, is considered in the accounts and the differential amount is transferred to Capital Reserve.
- c) Depreciation on assets revalued is calculated on their respective book values on Straight Line Method based on useful life either assessed technically or derived with respect to the rates specified in Schedule XIV to the Companies Act, 1956. The additional charge of depreciation on account of revaluation is deducted from the Capital Reserve and credited to the Profit & Loss Account.

(f) Impairment:

Fixed Assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of the fixed assets is determined. An impairment loss is recognized whenever the carrying amount of assets either

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is greater of asset's net selling price or its value in use. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased.

(g) Inventories:

- a) Inventories are valued at the lower of cost or estimated net realizable value. Cost is determined on first in first out method of valuation.
- b) Cost of raw materials and bought out components are determined on the basis of first in first out method of valuation.
- c) Work-in-progress is valued at direct material cost, direct labour cost and allocable direct/indirect production overheads. Labour cost is determined by applying normal labour hour rates on equivalent completed production hours as estimated by the Technical Department.
- d) Finished Goods are valued after considering appropriate portion of allocable overhead considered relatable to production directly or indirectly. Allocable overheads have been determined on actual/pro-rata basis with reference to the aggregate overheads of the Company.
- e) Provision is made for slow-moving and obsolete inventories.

(h) Taxes on income

Provision for tax is made for current and deferred taxes. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent years are recognised using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized. In case of carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is "virtual certainty" that such deferred tax assets can be realized against future taxable profits.

(i) Investments:

Long term Investments are accounted for at cost less any permanent diminution in value.

(j) Foreign Currency:

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign Currency monetary assets and liabilities at the year end are translated using the closing exchange rates. The loss or gain thereon and also on the exchange differences on the settlement of the foreign currency transactions during the year are recognized as income or expenses.

(k) Government Grants

Grants are recognized as capital or revenue depending upon the purpose and utilization of the proceeds there against. Revenue grants including subsidy/rebates etc. are credited to the Statement of Profit and Loss under "Other Income" or deducted from the related expenses. Grants relating to fixed assets are credited to Capital Reserve account or adjusted in the cost of such assets as the case maybe.

(l) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as the part of the cost of that asset.

(m) Finance Lease:

Assets acquired on finance leases are capitalised and a corresponding liability disclosed as lease obligations under "Borrowings". Such assets are capitalised at fair values or present value of minimum lease payments, whichever is lower, at the inception of the lease term and disclosed as leased assets. Rentals paid by the Company are apportioned between the finance charge and as a reduction of the outstanding liability. Finance charge reflects a constant periodic rate of interest of the remaining balance of liability for each period.

(n) Provision for liquidated damages and warranty costs

- a) Provision for liquidated damages in terms of agreement with customers is made as estimated based on merit and probability of its occurrence.
- b) Product warranty costs are accrued in the year of sale as estimated based on past experience.

(o) Use of Estimates, Provisions, Contingent Liabilities and Contingent Assets:

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures related to contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which results are known / materialized.

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent liabilities are disclosed by way of notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statement.

(p) Expenditure during Construction Period

Expenditure related to and incurred during implementation of capital project is included under Capital Work-in-progress and the same is allocated to the respective Fixed Assets on completion of its construction/erection and commencement of commercial production.

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

	As at 31st March, 2013	(Rs in thousand) As at 31st March, 2012
2) SHARE CAPITAL		
AUTHORISED:		
100,00,000 Equity Shares of Rs. 10/- each	100,000	100,000
ISSUED:		
76,67,963 Equity Shares of Rs. 10/- each (Previous Year 76,67,963 Equity Shares of Rs. 10/- each)	76,680	76,680
SUBSCRIBED AND FULLY PAID UP		
75,96,499 Equity Shares of Rs. 10/- each (Previous Year 75,96,499 Equity Shares of Rs.10/- each)	75,965	75,965
SUBSCRIBED AND NOT FULLY PAID UP		
13,600 Equity Shares of Rs. 10/- each (Previous year 13,600 Equity Shares of Rs.10/- each) Rs. 5/- Paid on application & forfeited	68	68
TOTAL	76,033	76,033
a) Shareholders holding more than 5% shares		
Name of Shareholder		
Continuous Forms (Calcutta) Limited	1,113,352	1,113,352
ISG Traders Limited	942,302	942,302
b) Terms and rights attached to equity shares		
The Company has one class of equity shares having par value of Rs 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation the equity shareholders are eligible to receive the remaining assets after discharging all liabilities of the Company, in proportion to their shareholding.		
3) RESERVES AND SURPLUS		
Capital Investment Subsidy Reserve	2,000	2,000
Other Reserve	53	53
Securities Premium account :		
Balance beginning of the year	107,457	107,457
General Reserve :		
Balance as per last account	59,556	59,556
Surplus:		
Opening Balance	154,420	130,904
Add : Profit/(Loss) for the year transferred from Statement of Profit & Loss	(32,550)	23,516
Less : Debit Balance of minority interest (*)	(800)	—
Balance at the end of the year	122,670	154,420
TOTAL	291,736	323,487
(*) Represents excess of loss allocated to minority shareholders over the face value of the shares held by them		
4) LONG TERM BORROWINGS		
Term Loan from Indian Overseas Bank	60,638	46,727
Vehicle Loan	4,010	—
TOTAL	64,648	46,727
a) Loan taken from Indian Overseas Bank is secured by exclusive 1st charge on entire plant and machinery and other movable fixed assets of the Company and equated mortgage of land and building of Nalagarh unit and and 2nd pari pasu charge on all the current assets of the Company both present & future and is repayable in 60 monthly instalments of Rs. 1170 each starting from 30th June, 2011 (increased to Rs. 1239 from November, 2011) and 52 monthly instalment of Rs. 1173 starting from February, 2012.		
b) Vehicle Loans are secured by hypothecation of vehicles and are repayable in 60 Monthly instalments of Rs 77 starting from April 2012 and 60 Monthly instalments of Rs 53 starting from May 2012.		

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

5) DEFERRED TAX ASSETS (NET)

(Rs in thousand)

	Opening Balance		(Charge)/credit for the year ended		Closing Balance	
	As on 01.04.12	As on 01.04.11	31.03.2013	31.03.2012	As on 31.03.13	As on 31.03.12
Deferred Tax Assets :						
Unabsorbed Depreciation	2,604	11,540	(447)	(8,936)	2,157	2,604
Provision for Doubtful Debts & Advances	—	—	11,753	—	11,753	—
Provision for leave	4,317	3,328	584	989	4,901	4,317
Provision for gratuity	2,365	889	914	1,476	3,278	2,365
	9,285	15,757	12,803	(6,472)	22,089	9,285
Deferred Tax Liabilities :						
Depreciation Difference	(21,344)	(19,250)	959	(2,094)	(20,386)	(21,344)
Net Deferred Tax Asset/(Liabilities)	(12,059)	(3,493)	13,763	(8,566)	1,703	(12,059)

As at 31st March, 2013 As at 31st March, 2012

6A) OTHER LONG TERM LIABILITIES

Advance received	45,150	45,040
Security Deposit	2,019	683
Development Grant Received for BTS	14,400	14,400
TOTAL	<u>61,569</u>	<u>60,123</u>

- a) The development grant is for financial support from 'Department of Scientific & Industrial Research' (DSIR) for design and development of 'Biological Toilet System' (BTS) (Product) under TDDP release to be utilized for equipments and other related costs for the said project.

In terms of agreement with DSIR, the Company is required to pay annual royalty in lumpsum @26% of the grant to be disbursed to National Research Development Corporation (NRDC) on behalf of DSIR for a period of five years from the start of commercial sale of the product. Pending commencement of the commercial operation, no adjustment with respect to the royalty in terms of the agreement has been considered necessary.

6B) LONG TERM PROVISIONS

Provision for employee benefits		
Provision for Gratuity	10,103	7,288
Provision for Leave	15,104	13,058
Prov for LD & Warranty	2,400	—
TOTAL	<u>27,607</u>	<u>20,346</u>

7) SHORT TERM BORROWINGS

Cash Credit from Banks	249,540	255,231
	<u>249,540</u>	<u>255,231</u>

Cash Credit from Banks are secured by way of Hypothecation of stocks and book debts and are further secured by way of a second charge on the movable fixed assets of the Company on a pari passu basis

8) TRADE PAYABLES

Acceptance	14,959	4,000
Trade Payables	212,324	202,359
TOTAL	<u>227,283</u>	<u>206,359</u>

- a) The company is in the process of compiling information with regard to suppliers covered under Micro, Small and Medium Enterprise Development Act, 2006. To the extent identified, the Company has no information from the suppliers under the Act and accordingly the disclosure as required in Section 22 of the said Act could not be given in these accounts.

Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

(Rs in thousand)

	As at 31st March, 2013	As at 31st March, 2012
9) OTHER CURRENT LIABILITIES		
Current maturities of long term debt	30,009	28,960
Current maturities of finance lease obligations	—	101
Book Overdraft	550	2,819
Statutory dues	894	
Other Liabilities	141,814	158,283
Unpaid Dividend	525	525
Interest accrued but not due	35	—
TOTAL	173,826	190,688

a) In respect of demand for increase in rentals amounting to Rs. 22,897 (Previous year and previous period Rs 22,897) (excluding additional/penal amount etc. pending determination) on leasehold land from Calcutta Port Trust in the earlier years, the Company has preferred a Special Leave Petition in Hon'ble Supreme Court against the judgment of Hon'ble High Court on the matter. The Supreme Court has referred the said matter to the Calcutta High Court for a fresh decision on merit. Pending decision of the Court, provision amounting to Rs. 9,448 made their against has been considered adequate by the management and included under 'Other Liabilities'.

b) The Company has made full provision for dues to the ESI authorities arising out of the ESI (Central) – 2nd Amendment Rules, 1996 which could not be deposited with the ESI authorities because of a stay order issued by the Calcutta High Court on 25 April, 1997. Upon appeal by the department, the stay order was set aside by the Division Bench of the Calcutta High Court on 16 March, 2004. In 2009-10, the company received a claim of Rs. 3,317 for the year ended 31st March 2002 against which it had deposited Rs 1,306 and adjusted the opening liability to that extent. The balance liability of Rs 5,196 has been carried forward under 'Other Payables' pending final decision and determination of liability in this respect and the same has been considered to be adequate.

10) SHORT TERM PROVISIONS

Current Tax	—	45,571
Fringe Benefit Tax	—	2,790
Provision for LD & Warranty	4,210	4,084
TOTAL	4,210	52,445

In terms of the requirements of Accounting Standard 29 on Provisions, Contingent Liabilities and Assets, details of provisions for Liquidated Damages and Warranty are as follows:

Particulars	Opening Balance as on 01.04.12	Further provision during the year	Provision Adjusted during the year	Closing Balance as on 31.03.13
Provision for liquidated damages	434	—	—	434
Provision for warranty	3,650	5,776	(3,250)	6,176
	4,084	5,776	(3,250)	6,610

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

Note 11 - FIXED ASSETS

(Rs in thousand)

	Gross Block At Cost			Impairment		Depreciation				Net Block		
	As at 01.04.12	Additions during the year ended 31.03.13	Sales/ Adjustment for the year ended 31.03.13 (at Cost)	Sales/ Adjustment for the year ended 31.03.13 (revalued Figure)	As at 01.04.12	As at 31.03.13	As at 01.04.12	Sales/ Adjustment for the year ended 31.03.13	Sales/ Adjustment for the year ended 31.03.13 (on revalued portion)	For the year ended 31.03.13	As at 31.03.13	As at 31.03.12
A. TANGIBLE ASSETS:-												
Leasehold Land & Buildings	16,202	—	—	—	—	—	5,134	—	—	278	10,789	11,068
Freehold Land & Buildings	12,429	—	—	—	—	—	1,849	—	—	173	10,406	10,580
Freehold Land at Buddy	12,841	—	—	—	—	—	—	—	—	—	12,841	12,841
Free hold Building at Buddy	42,837	—	—	—	—	—	1,846	—	—	698	40,293	40,991
Plant & Machinery	451,017	32,948	—	—	24,100	24,100	173,690	—	—	17,075	269,100	253,226
Furniture Fittings & Electrical Installations	52,130	3,238	—	—	—	—	37,994	—	—	3,391	13,983	14,136
Vehicles	1,373	—	585	—	—	—	1,068	289	—	9	—	305
Tools	27,755	1,594	—	—	—	—	13,508	—	—	2,394	13,447	14,247
Leasehold Vehicle	1,741	6,579	1,741	—	—	—	825	855	—	596	6,013	916
Biological Toilets (Rented-out)	—	4,638	—	—	—	—	—	—	—	548	4,090	—
B. INTANGIBLE ASSETS:-												
Technical Knowhow	7,967	—	—	—	—	—	7,550	—	—	417	—	417
Computer Software	9,698	331	—	—	—	—	6,512	—	—	1,578	1,939	3,186
In-house Technology	2,057	—	—	—	—	—	—	—	—	1,030	1,027	2,057
Web Designing	55	—	—	—	—	—	3	—	—	14	38	52
Total	638,102	49,328	2,326	—	24,100	24,100	249,979	1,144	—	28,200	383,966	364,022
Add: Capital Work-in-Progress											138,795	127,691
											522,761	491,713
Previous Year	603,395	34,707	—	—	24,100	24,100	223,778	—	—	26,201	249,979	491,713

Note 11 - FIXED ASSETS (Contd.)

- a) The Deed of Conveyance/Registration relating to building at Gopalpur, Orissa is in the process of being executed by the Company and the stamp duty payable in respect thereof will be accounted for on assessment. However, the said property is in the Companies possession.
- b) Fixed Assets include flat at New Delhi in which the Company has one - third ownership share and is in the Company's joint possession.
- c) Furniture, fittings and Electrical installations includes computer & computer peripherals.
- d) Depreciation on Fixed Assets has been provided on straight line method from the date these are put to use at specified rates as under:

	Year Ended 31.03.2013	Year Ended 31.03.2012
Freehold Buildings	1.63%	1.63%
Leasehold Factory Buildings	3.34%	3.34%
Leasehold Office Buildings	1.63%	1.63%
Plant & Machinery :		
Single Shift	4.75%	4.75%
Used in manufacture of Electronic Goods - Single shift	5.38%	5.38%
Furniture & Fittings	6.33%	6.33%
Office Equipment	13.91%	13.91%
Airconditioner	13.91%	13.91%
Computer	16.21%	16.21%
Electrical Installation	13.91%	13.91%
Cycles	7.07%	7.07%
Other Vehicles	9.50%	9.50%
Technical Knowhow Fees	25.00%	25.00%
Tools	11.31%	11.31%

Items below Rs. 5000 each have been depreciated @ 100%

- e) Carrying value of Fixed Assets of the colour monitor unit at Kustia Road being affected due to obsolescence was considered for impairment as on 01.04.2004 and Rs 24,100 equivalent to the entire book value of the fixed assets was considered as an impairment loss in the said financial year.
- f) Certain Plant and Machineries and Land & Building of the Company as on 31st December, 2001 and 1st January, 2007 was revalued by the approved valuer on Net Replacement Cost basis and Fair Value basis respectively and surplus of Rs 424965 arising therefrom was credited to Revaluation Reserve. Depreciation includes additional charge of Rs NIL for the year ended 31.03.2013 (Previous year Rs 6269) due to revaluation of Fixed Assets.
- g) Capital work-in-progress includes the following pre-operative expenses pending allocation incurred by the holding company and allocated for development of product for "Rail Runner Project" under implementation by the company:

	For the year ended 31.03.13	For the year ended 31.03.12
Opening Balance	127,691	93,916
Salary, Wages & Bonus	5,575	6,371
Contribution of provident fund	80	171
Professional Charges	4,551	4,630
Audit Fees	72	45
Staff Welfare Expenses	391	474
Travelling & Conveyance	32	432
Misc. Charges	75	105
Technical knowhow from Rail Runner	318	21,364
Bank charges on foreign remittance	—	43
Foreign exchange loss	—	80
Purchase of material	10	58
TOTAL	138,795	127,691

The expenses incurred other than those related to formation expenses have been included under capital work-in progress.

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

	(Rs in thousand)	
	As at 31 st March, 2013	As at 31 st March, 2012
12) NON CURRENT INVESTMENTS		
UNQUOTED - AT COST		
TRADE		
Investment in Debentures		
1/2% Debentures of Woodlands Hospital & Medical Research Centre Ltd.	3	3
	<u>3</u>	<u>3</u>
13) LONG TERM LOANS AND ADVANCES		
(Unsecured - considered good unless otherwise stated)		
Capital Advance	28,869	28,869
Advance to related parties (Details as given in Note 29 (C)(d))	(14,295)	—
Earnest Money Deposit		
- Considered good	3,555	8,220
- Considered doubtful	6,520	6,520
Less : Provision for Doubtful Earnest Money Deposit	(6,520)	(6,520)
Security Deposit	4,051	3,807
TOTAL	<u>22,180</u>	<u>40,896</u>
a) Rs. 266.61 paid for acquiring technical knowhow, pending implementation thereof, has been shown as capital advance		
14) INVENTORIES		
Raw Materials	186,045	179,003
Work in Progress	76,212	72,943
Finished Goods	5,818	8,163
	<u>268,075</u>	<u>260,109</u>
Less : Provision	3,000	—
TOTAL	<u>265,075</u>	<u>260,109</u>
a) Work-in-Progress is arrived at after conversion of stocks at various stages of completion to equivalent completed production hours, which have been valued at normal labour hour rates and allocated overheads apart from the material cost.		
b) The valuation of both finished stock and work-in-progress includes allocable production overheads. The production overhead has been allocated on actual/pro-rata basis based on Management estimates of their direct or indirect linkage with production. As conversion to equivalent completed production hours and allocation as above is based on management's technical estimates, the auditors have relied upon the same.		
c) Stocks lying at different locations are under reconciliations with physical balances thereof and pending consequential adjustments, if any, arising in this respect, provision of Rs 3000 ('000) has been made in these accounts.		

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

	As at 31st March, 2013	(Rs in thousand) As at 31st March, 2012
15) TRADE RECEIVABLES		
(Unsecured - considered good unless otherwise stated)		
Over Six Months		
- Considered good	37,225	59,493
- Considered Doubtful	27,500	800
Other debts		
- Considered good	213,610	221,420
Less : Provision for doubtful debts	(27,500)	(800)
TOTAL	250,835	280,913
Due date of 30 days have been considered as the general term for all debtors		
16) CASH AND CASH EQUIVALENTS		
Cash in hand	1,912	2,172
Cash at bank		
- Current Accounts	1,853	1,504
- Dividend Accounts	600	609
- Margin Money Deposit (Under Lien)	7,900	9,985
- Fixed Deposit "(Under Lien- Rs. 11888 , Previous Year Rs.11663)	11,888	21,663
TOTAL	24,154	35,933
a) Fixed deposits held for more than 12 months	75	75
17) SHORT TERM LOANS AND ADVANCES		
(Unsecured - considered good unless otherwise stated)		
Advance to Suppliers		
- Considered good	48,718	73,385
- Considered doubtful	8,716	—
Less: Provision for doubtful advances	(8,716)	—
	48,718	73,281
Earnest Money Deposit	3,091	—
Other Loans and Advances	5,590	5,454
Advance to related parties (Details as given in Note 29 (C)(d)	14,603	283
Advance payment of Income Tax , Fringe Benefit Tax and Tax Deducted at Source	351	41,184
Mat Credit Entitlement Receivable	8,647	8,647
TOTAL	81,001	128,953
a) During the last year, the Company was liable to pay Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961 (the Act) and the amount paid as MAT is allowed to be carried forward for being set-off against the future tax liabilities to the extent credit will be available in terms of the relevant provisions of the Act. Accordingly, as advised in guidance note on "Accounting for credit available in respect of minimum alternate tax under the Income Tax Act, 1961" issued by the Institute of Chartered Accountants of India, Rs 8647 ('000) being the credit available has been carried forward as MAT Credit Entitlement.		
18) OTHER CURRENT ASSETS		
(Unsecured - considered good unless otherwise stated)		
Deposit with government authorities etc :	7,104	4,961
Interest Receivable	1,636	901
TOTAL	8,740	5,862

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

	(Rs in thousand)	
	For the Year ended 31.03.13	For the Year ended 31.03.12
19) REVENUE FROM OPERATIONS		
Sale of Products		
Inland	1,037,493	1,069,694
Export	25,982	5,741
Sale of Services	20,297	10,588
Less : Excise Duty on sale of products	(107,296)	(97,282)
Less: Service tax on sale of services	(194)	(949)
Net Sales	<u>976,283</u>	<u>987,792</u>
20) OTHER INCOME		
Foreign Exchange Gain	985	934
Liabilities no longer required, written back	—	11,059
Interest income	1,929	724
Miscellaneous Receipts	116	14
TOTAL	<u>3,030</u>	<u>12,731</u>
21) COST OF MATERIAL CONSUMED		
Opening Stock of Raw Material	179,003	133,708
Add: Purchases	559,557	625,359
Duty, Landing, Clearing & Freight	14,839	16,146
Less: Sale of scrap	(1,682)	(1,167)
Less: Closing Stock	(186,045)	(179,003)
	<u>565,671</u>	<u>595,042</u>
22) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
Opening Stock		
Work in Progress	72,942	60,524
Finished Goods	8,163	7,585
Closing Stock		
Work in Progress	(76,214)	(72,942)
Finished Goods	(5,817)	(8,163)
TOTAL	<u>(926)</u>	<u>(12,996)</u>
23) EMPLOYEE BENEFIT EXPENSE		
Salaries and Wages	147,660	137,914
Contribution to Provident and Other Funds	11,847	14,552
Staff Welfare	13,891	13,470
TOTAL	<u>173,398</u>	<u>165,936</u>
a) Remuneration amounting to Rs. 7517 ('000) and Rs 285 ('000) for the year ended 31st Mar, 2013 (Rs. 3161('000) and Nil for the year ended 31st March, 2012) payable to the Managing Director and Wholetime Director respectively, are in excess of the approval received from the Central Government. Steps are being taken for further approval in this respect including their re-appointment.		
24) FINANCE COSTS		
Interest Expense	52,058	46,225
Other borrowing costs	13,350	4,878
TOTAL	<u>65,408</u>	<u>51,103</u>

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

	For the Year ended 31.03.13	(Rs in thousand) For the Year ended 31.03.12
25) OTHER EXPENSES		
Consumption of Stores	29,629	30,273
Power and Fuel	15,064	12,680
Insurance	1,126	548
Rent (Net)	4,714	4,345
Rates & Taxes	3,480	1,100
Selling & Distribution Expenses	5,900	5,752
Commission	4,926	4,923
Business Development Expenses	1,922	514
Legal & Professional Expenses	10,503	18,655
Repairs :		
Buildings	638	275
Plant & Machinery	237	556
Others	4,723	4,399
Freight & Transport	20,495	19,327
Travelling & Conveyance	21,940	19,641
Postage, Telephone & Stationery	6,870	7,006
Provision for bad debts & Others	35,416	—
Provision for inventory	3,000	—
Bad Debts	—	—
Provision for LD & warranty	5,776	2,000
Provision for LD & warranty written back	(3,250)	(4,400)
Royalty	2,226	1,448
Foreign Exchange Loss	707	1,349
Bank Charges	2,372	975
Loss on Sale of Fixed Assets	507	6,078
Miscellaneous expenses	15,837	11,997
TOTAL	194,758	149,440
a) Payments to the auditors (included in Legal & Professional charges) :		
As Statutory Auditor (including quarterly audit fees)	686	440
Other certifications etc	205	124
TOTAL	891	564

26) Contingent Liabilities and Commitments

Particulars	As at 31.03.2013	As at 31.03.2012
a) Claims against the Company not acknowledged as debts:		
- in respect of Sales tax matters under appeals at different levels	7,021	7,021
- in respect of Income tax matters in appeal at Hon'ble High Court at Kolkata	1,348	1,348
- Service Tax matter in appeal at CESTAT, Kolkata (excluding Interest and Penalty)	15,600	15,600
- Service Tax matter in dispute	5,470	—
- Demand raised by technology supplier for which the arbitration award is awaited	15,600	15,600
b) Commitments on Capital Accounts (net of advances):		
Tangible Assets	1,638	1,881
Intangible Assets	—	18,870

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

27) Certain debit and credit balances including debtors, creditors, loans and advances are subject to confirmation and reconciliation arising therefrom.

28) Earning per share

Particulars	Year ended 31.03.13	Year ended 31.03.12
(a) Net Profit/(Net Loss) attributable to equity holders (in Rs.)	(32,550)	23,516
(b) Number of Equity Shares issued (including 6,800 shares on equivalent basis)	7,603,299	7,603,299
(c) Basic and Diluted Earnings per share in Rs. (Face value Rs. 10/- per share) (a)/(b)	(4.28)	3.09

29) Related Party Disclosures:

(A) Related parties with whom the Company had transactions, etc.

(a) Enterprise where control exists : Stone Intermodal Private Limited and Stone Biotech Private Limited (Subsidiaries)

(b) Associates :

- i) Duncans Tea Limited
- ii) Odyssey Travels Limited
- iii) Shubh Shanti Services Limited
- iv) NRC Limited
- v) Sewand Investments Pvt. Ltd
- vi) Dail Consultants Ltd
- vii) Duncans Industries Ltd
- viii) Kavita Marketing Pvt. Ltd
- ix) Julex Commercial Company Ltd
- x) ISG Traders Limited
- xi) Continuous Forms (Calcutta) Limited

(c) Key Management Personnel (KMP)

Mr. A. Mondal	:	Managing Director & CEO
Mr. S. Goenka	:	Wholetime Director

(B) The parties listed in (b) above though not required to be disclosed as per requirements of AS-18, have been included hereinabove in view of the requirement of Clause 32 of the Listing Agreement.

(C) Statement showing details of AS-18 related transactions:

a) Transactions with Associate Companies:

	Year ended 31.03.13	Year ended 31.03.12
Julex Commercial Company Ltd:		
Commission	7028	4923
Odyssey Travels Ltd:		
Travelling Expenses	708	1105

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

b) Transactions with key management personnel:

	Year ended 31.03.13	Year ended 31.03.12
Remuneration		
Mr. A. Mondal	13,827	12,181
Mr. S. Goenka	3,600	3,200

c) Balances with above related parties

	As at 31.03.12	As at 31.03.11
Associate Companies		
Odyssey Travels Ltd. (Payable)	—	89
Duncan Industries Limited (Advance)	283	283
Seward Investments Private Limited (Payable)	10	10
Julex Commercial Company Limited (Payable)	5753	187

Notes:

- In respect of above parties, there is no further provision for doubtful debts as on 31st March 2012 and no amount has been written off or written back during the year in respect of debts due from / to them.
- The above Related Parties information is as identified by the Management and relied upon by the auditors.

30) Disclosure of Lease Payments as per AS-19

The future obligation for vehicles taken on finance lease is given below:

Particulars	As at 31.03.13	As at 31.03.12
Not later than one year	—	112
Later than one year and not later than 5 years	—	—
Later than 5 years	—	—
		112
Less: Amount representing future interest	—	11
Present Value of minimum lease rentals	—	101

31) Employee Benefits:

- The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006, are given below :

a) Defined Contribution Scheme :

Contribution to Defined Contribution Plan, recognized for the year are as under :

Employer's Contribution to Provident Fund- Rs. 4854 (Previous Year Rs. 4084)

Employer's Contribution to Pension Fund – Rs. 2526 (Previous Year Rs. 2547)

Employer's Contribution to Superannuation Fund- Rs. 1211 (Previous year Rs. 1268)

b) Defined Benefit Scheme

The employee's gratuity fund scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Leave Encashment is recognized in the same manner as gratuity.

Notes to the Financial Statement for the year ended 31st March, 2013 (Contd.)

(Rs in thousand)

Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Non-Funded)	Leave Encashment (Non-Funded)
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
1 Current Service Cost	2,310	1,760	2,499	1,887
2 Interest Cost	2,863	2,061	1,077	733
3 Expected return on plan assets	(2,341)	(2,140)	—	—
4 Past Service Cost *	—	(838)	—	(272)
5 Actuarial Losses / (Gains)	(17)	5,207	(224)	2,893
Total Expenses	2,815	6,049	3,352	5,241
Change in the obligation during the year ended March 31, 2013				
1 Present value of Defined Benefit Obligation at the beginning of the year	33,300	25,843	13,306	10,258
2 Current Service Cost	2,310	1,760	2,499	1,887
3 Interest Cost	2,863	2,061	1,077	733
4 Benefit Paid	—	(159)	(1,554)	(2,194)
5 Actuarial (Gains)/ Losses	(17)	4,633	(224)	2,893
6 Planned Amendment Cost *	—	(838)	—	(272)
Present value of Defined Benefit Obligation at the end of the year	38,456	33,300	15,104	13,306
Change in Assets during the year ended March 31, 2013				
1 Plan Assets at the beginning of the year	26,012	23,105	—	—
2 Contribution by Employer	—	1,500	1,554	2,194
3 Expected return on plan assets	2,341	2,140	—	—
4 Benefit Paid	—	(159)	(1,554)	(2,194)
5 Actuarial Gains/(Losses)	—	(574)	—	—
Plan Assets at the end of the year	28,353	26,012	—	—
Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet during the year ended March 31, 2013				
1 Net Asset/(Liability) at beginning of the year	(7,288)	(2,739)	(13,306)	(10,258)
2 Employer Expenses	(2,815)	(6,049)	(3,352)	(5,241)
3 Employer Contributions/Payment	—	1,500	1,554	2,194
4 Net Asset/(Liability) at the end of the year	(10,103)	(7,288)	(15,104)	(13,306)
Actuarial Assumptions				
1 Discount Rate	8.10%	8.60%	8.10%	8.60%
2 Expected Rate of Return on Plan Assets	9.00%	0.09	—	—

Note : Assumptions related to future salary increases, attrition, interest rate for discount and overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.

* Past Service Cost has been accrued on account of increase in the age limit from 58 years to 60 years and change in leave policy. In the previous year, Past Service Cost has been accrued on account of increase in the Ceiling Limit of Gratuity under the Payment of Gratuity Act, 1972.

Notes to the Financial Statement for the year ended 31st March, 2012 (Contd.)

ii) Disclosure in terms of Para 120(n) of AS 15 (revised 2005)

Particulars	Gratuity (Funded)			
	31/03/2013	31/03/2012	31/03/2011	31/03/2010
Present Value of Defined Benefit Obligation	38,456	33,300	25,843	21,157
Fair Value of Plan Assets	28,353	26,012	23,105	20,923
Surplus / (Defecit)	(10,103)	(7,288)	(2,738)	(234)
Experience Adjustments on Plan Liabilities - (Loss) / Gain	1,541	(1,050)	(2,423)	(891)
Experience Adjustments on Plan Assets - (Loss) / Gain	—	(574)	(617)	1,548

Leave (Non-Funded)

Particulars	31/03/2013	31/03/2012	31/03/2011	31/03/2010
Present Value of Defined Benefit Obligation	15,104	13,306	(10,258)	(7,791)
Experience Adjustments on Plan Liabilities - (Loss) / Gain	853	(1,317)	(2,955)	(1,069)

32) The Company is engaged primarily in the business of "Rail Products" and all other activities are incidental thereto. Further, the company sells primarily in the domestic market where its operations are governed by the same set of risks and returns and the overseas sales are insignificant. Accordingly the separate primary and secondary segment reporting disclosure as envisaged in Accounting Standards (AS-17) on Segment Reporting is not applicable to the company.

33) All the numerical figures stated hereinabove has been expressed in terms of Rs. in thousand.

34) Previous year's figures have been re-arranged / re-grouped wherever necessary.

For **LODHA & COMPANY**
Chartered Accountants

R.P. SINGH
Partner

Place: Kolkata
Date: 27th May, 2013

For and on behalf of **STONE INDIA LIMITED**

G.P. Goenka	Chairman
S. Ray	Director
Shrivardhan Goenka	Wholetime Director
A. Mondal	Managing Director & CEO
S. Goswami	Sr. Vice President & CFO
D. Thakurta	Company Secretary