

FORM B
(Format of covering letter of the Annual Audit Report
to be filed with the Stock Exchanges)

1	Name of the Company	Stone India Limited
2	Annual Financial Statement for the year ended	31st March, 2013
3	Type of Audit Qualification	<p><u>QUALIFIED REPORT:</u></p> <ol style="list-style-type: none"> 1. 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 2. 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 3. 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 4. 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 5. Confirmation/reconciliation of certain debit/credit balances were not obtained and the amounts of consequential adjustments in this respect have not been determined 6. Details regarding Micro, Small and Medium Enterprise are not available and as such required disclosure in this respect could not be given.
4	Frequency of qualification	<p><u>With reference to qualifications in Para 3:</u></p> <ol style="list-style-type: none"> 1. Since 2002-03 2. Since 2010-11 3. Since 2012-13



4. Since 2012-13
5. Since 2012-13
6. Since 2007-08

Draw attention to relevant notes in the annual financial statements and management response to the qualification in the Directors Report

With reference to qualifications in Para 3:

1. Note 9(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 Calcutta 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'.

2. Note 23(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.

3. Note 14(c)

Stocks verified at different locations are under reconciliations with physical balances thereof and consequential adjustments, if any, arising in this respect. Pending this, provision of Rs 3000 ('000) has been made in these accounts.

4. Note 13(b)

Advance to related parties includes Rs. 93,580 (Previous Year Rs. 82,643) recoverable from Stone Intermodal Private Limited (a subsidiary) being administrative and other costs allocated and payment for know-how for the development of the



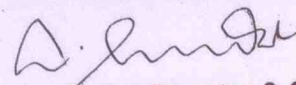
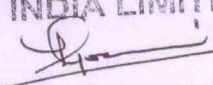
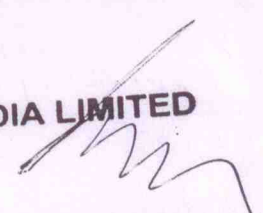
product for "Rail Runner Project" to be undertaken by the said subsidiary and investment includes Rs 100 (Previous Year Rs 100) in the said subsidiary. However there have been certain delays in completion of the project. Considering the Company's long term involvement with SIPL and the prospects thereof the outstanding balance and investment has been considered good and recoverable.

5. Note 27

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

6. Note 8(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.

		<p>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.</p> <p>5. <u>Note 27</u> Certain debit and credit balances including accounts receivables, trade payables and loans & advances are subject to confirmation and reconciliation arising therefrom.</p> <p>6. <u>Note 8(a)</u> 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.</p>
6	Additional comments from the Board/ Audit Committee Chair :	NA
7.	<p>To be signed by -</p> <ul style="list-style-type: none"> • CEO/ Managing Director • CFO • Auditor of the Company • Audit Committee Chairman 	<p>For STONE INDIA LIMITED</p> <p> Managing Director & CEO</p> <p>For & on behalf of STONE INDIA LIMITED</p> <p>For Lodha & Co.  Chartered Accountants Sr. Vice President & CFO</p> <p>R. P. Surji Partner</p> <p>For STONE INDIA LIMITED</p> <p> Director</p>

