

MD	✓			BKC	✓
CS	NA			DPY	NA
RO	✓			DIV	NA
TRA	NA			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		

12TH ANNUAL REPORT 1996-97

Report

STI GRANITE INDIA LIMITED
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STI Granite India Limited

DIRECTORS

DR. R.B. BAHETI - *Executive Chairman*
MR. C.S. PANI
MR. K.N. GARG
MR. P.T. THOMAS
MR. K. KALYANA SUNDARAM - *Nominee of IFCI*
MR. VIJAY KIYAWAT - *Executive Director*

AUDITORS

M/S. BRAHMAYYA & CO.
CHARTERED ACCOUNTANTS
KHIVARAJ MANSIONS
10/2, KASTURBA ROAD
BANGALORE - 560 001.

BANKERS

STATE BANK OF INDIA
STATE BANK OF MYSORE

REGISTERED OFFICE

201, Sunrise Chambers
22, Ulsoor Road
Bangalore - 560 042.

FACTORY

22-24, Bangalore - Pune Highway
Tumkur - 572 105, Karnataka

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Members of STI GRANITE INDIA LIMITED will be held on Tuesday the 30th September 1997 at 11.30 A.M. at Hotel Ajantha, M.G. Road, Bangalore - 560 001, to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31.03.1997 and the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. P.T. Thomas who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company and fix their remuneration.

By order of the Board
for STI GRANITE INDIA LIMITED

Place : Bangalore
Date : 30th August 1997

DR. R.B. BAHETI
Executive Chairman

Regd. Office:
201, Sunrise Chambers,
22, Ulsoor Road,
Bangalore - 560 042.

NOTES

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member. The proxy form, in order to be effective, must be duly signed and should reach the Company at the Registered Office atleast 48 hours before the time fixed for the Meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 23.09.1997 to 30.09.1997 (both days inclusive).
3. Any change of address of the Members may please be notified to the Company quoting their Registered Folio.
4. Members are requested to send their queries, if any, relating to the Annual Accounts and Reports at least one week prior to the date of meeting.

By order of the Board
for STI GRANITE INDIA LIMITED

Place : Bangalore
Date : 30th August, 1997

DR. R.B. BAHETI
Executive Chairman

Regd. Office:
201, Sunrise Chambers,
22, Ulsoor Road,
Bangalore - 560 042.

STI Granite India Limited

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the twelfth Annual Report of the Company with the Audited statement of accounts for the year ended 31st March 1997.

FINANCIAL RESULTS

The Company's performance during the year is summarised below:

	Rs. in lacs 31.3.1997	Rs. in lacs 31.3.1996
Sales and Other Income	941	1263
Interest and Financial charges	350	307
Profit before Depreciation and Taxation	-2	269
Depreciation	126	154
Provision for taxation	-	-
Profit after taxation	-128	115
Depreciation written back	74	-
Net Profit (+) Loss (-)	-54	-
Miscellaneous Expenditure written off	-	23
Balance B/F from previous year	199	157
Balance of profit for appropriations	146	249

APPROPRIATION

Transfer to General Reserve	-	25
Transfer to Debenture Redemption Reserve	-	25
Balance Carried to Balance Sheet	146	199

OPERATIONS

Your Company's performance during the year 1996-97 was satisfactory inspite of the overall depressed situation prevailing in the international granite processing industry. The operations of the company were affected badly due to the non-availability of good quality rough granite blocks for processing and value added exports. Indiscriminate export of rough granite blocks coupled with fiscal incentives on export of blocks is going to adversely affect this industry further.

FUTURE PROSPECTS

Inspite of all odds, your company is striving to improve its performance in the current year through the development of new and high contributory export destinations as well as with the export of rough blocks. Barring unforeseen circumstances the performance of the company during the current year is expected to be satisfactory.

PROJECTION VS PERFORMANCE

The company achieved a capacity utilisation of 36% compared to the projected level of 75%. The actual turnover of Rs. 941 lacs, however fell short of the projected figures of 2374 lacs due to overall depressed situation prevailing in the international granite market and non-availability of good quality granite rough blocks to Indian processing industry.

MERGER

The company after obtaining necessary approvals from the Board and the Shareholders of the Company filed necessary petitions before the Honourable High Court of Karnataka, Bangalore for the merger of M/s. STI Products India Limited with the company.

However, with liberalisation gaining momentum in the country and the emergence of new opportunities as a result of India becoming an important investment destination, the Company has been simultaneously exploring various strategic options to improve the business prospects in future. Good possibilities are emerging for forging strategic alliance with experienced and strong partners in granite field. Discussions are in progress and it is felt that if the company has to exploit the future opportunities it would be best to keep the granite business as a separate strategic business unit instead of merging with Steel tube business of M/s. STI Products India Limited.

Considering the long term interests of the company, your directors have withdrawn the petition filed before the Honourable High Court of Karnataka, Bangalore for the merger of the company with STI Products India Limited.

DIRECTORS

Mr. S. Padmanabhan resigned during the year. Your Directors wish to place on record their sincere appreciation for the valuable guidance provided by him during the tenure as director.

Mr. P.T. Thomas, Director of your company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS

M/s. Brahmayya & Co., Auditors of your Company will retire at the conclusion of the Annual General Meeting and are eligible for re-appointment. As required under section 224 of the Companies Act, 1956, the present Auditors have furnished the necessary certificate.

STI Granite India Limited

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering the paucity of power supply in the state, your company has been paying continuous attention for the conservation of energy.

Total energy consumption and energy consumption per unit of production as per prescribed form "A" is not given as the Company is not covered under the list of specified industries.

TECHNOLOGY ABSORPTION

Though the technology is indigenous, the Company has absorbed fully the State of Art Technology installed in all areas of operations.

RESEARCH AND DEVELOPMENT

Your Company is known to be a very environment conscious granite processing unit. It is amongst rare companies who have installed a full-fledged water re-cycling plant at a high cost to re-cycle and conserve water in granite processing.

All over the world and including in India the waste granite slurry which is generated in the process of cutting granite is thrown in the fields and on the roadsides. Your company ventured out with the help of Bharat Heavy Electricals Limited to conduct some research on commercial utilisation of this waste to solve the environmental pollution problem. Through persistent experiments successful prototypes of tiles manufactured from this waste granite slurry have been obtained. Another research is being carried out at the Indian Institute of Science on behalf of your company to separate the constituent of this waste granite slurry for environmental control as well as commercial exploitation.

As a result of the successful researches carried out on behalf of the company at Bharat Heavy Electricals Limited and the Indian Institute of Science, the company is contemplating making an application to Technology Development Board, Government of India for obtaining financial assistance for putting up a waste granite tile plant in the existing premises. It is hoped that with the commissioning of such a plant the profitability of the company would improve and the company would also make a very valuable contribution in solving the environmental pollution problem.

ISO CERTIFICATION

Your Directors are pleased to inform you that your

company obtained ISO-9002 accreditation from TUV of Germany during the year under review.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings and outgo during the year under review are as under:

Earnings

Amount Rs. in lacs

a) FOB value of exports	815
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Outgo

a) CIF value of Import of capital goods	30
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b) CIF value of import of consumables	197
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c) Remittance of Interest	58
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d) Foreign Travel Expenses	6
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e) Commission on Export Sale	0
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PARTICULARS OF EMPLOYEES

Particulars of employees as required to be given in the Directors Report under Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules 1975, are given in Annexure which forms part of this report.

FIXED DEPOSITS

The Company has not accepted deposit from the public during the year.

INDUSTRIAL RELATIONS

The Company offers a congenial work environment to its staff and workers in line with the tradition of STI Group and the industrial relations have been cordial during the year under review.

ACKNOWLEDGMENT

The Directors have pleasure in recording their appreciation of the continued assistance and co-operation extended to the Company by the State/ Central Governments, Banks and Financial Institutions.

The Directors also wish to record their appreciation of the sincere and dedicated services rendered by the employees of the Company at all levels.

For and on behalf of the
Board of Directors

Place: Bangalore

DR. R.B. BAHETI

Date : 30th August 1997

Executive Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended 31st March 1997.

Name of the Employee	Age (Years)	Qualification	Experience (Yrs)	Date of Appointment	Designation	Gross Remuneration Rs.	Last Employment held
1. Mr. Vijay Kiyawat	51	B.Tech (Honours)	29	2.11.1995	Executive Director	Rs.323238	Executive Director STI India Limited Dewas (Madhya Pradesh)

NOTES

- i) Nature of Employment is on the basis of terms of Service.
- ii) Remuneration includes Salary, Contribution to Provident Fund, House Rent, Medical Benefit and other allowances wherever applicable.
- iii) The above employee is not related to any Directors of the Company

For and on behalf of the
Board of Directors

Place: Bangalore
Date : 30th August 1997

DR. R.B. BAHETI
Executive Chairman