

ANNUAL REPORT 2000 - 2001

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STI GRANITE INDIA LIMITED

DIRECTORS	:	Dr. R.B. Baheti - Chairman Mr. K.N. Garg Mr. Y.C. Gupta
AUDITORS		M/s Brahmaya & Co. Chartered Accountants Khivraj Mansion 10/2, Kasturba Road BANGALORE - 560001
BANKERS	:	State Bank of India State Bank of Mysore
REGISTERED OFFICE & FACTORY :		22-24, Antharasanahally Indl., Area Bangalore-Pune Highway Tumkur-572106

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NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of STI Granite India Limited will be held on 29th September, 2001, at 11.30 AM. at the Registered Office of the Company at No.22-24, Antharasanahally Industrial Area, Tumkur, Kamataka - 572 106 to transact the following business ;

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2001 and the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Dr. R.B. Baheti who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS:

To Consider and if thought fit, to pass, with or without modification, the following Resolution as Ordinary Resolution.

4. "Resolved that Mr. Y.C. Gupta be and is hereby appointed as an Additional Director of the Company.

**By order of the Board
for STI GRANITE INDIA LIMITED**

Mumbai
30th June, 2001

(Dr. R.B. BAHETI)
Chairman

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 22.09.2001 to 29.09.2001 (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.



STI GRANITE INDIA LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Sixteenth Annual Report of the Company with the Audited Statement of account for the year ended 31st March, 2001.

1. FINANCIAL RESULTS:

The Financial Results of the Company for the year are as under :

	(Rs. in lakhs)	
	31.03.2001	31.03.2000
Sales and other Income	2012	1237
Interest and Finance Charges	277	288
Profit Before Depreciation and Taxation	(135)	(163)
Depreciation	126	131
Provision for taxation	Nil	Nil
Profit after taxation	(261)	(293)
Net Profit / (Loss)	(251)	(290)
Balance b/f from previous year	(986)	(696)
Balance of profit for appropriation	(1237)	(986)
APPROPRIATION:		
Balance Carried to Balance Sheet	(1237)	(986)

2. OPERATIONS:

Your Company's performance during the year 2000-2001 though was much better in all spheres of operations compared to the corresponding period of last year, still suffered due to worldwide recession, International competition etc., On account of un-favourable Governmental policies coupled with the Continuing recession in the end user industry, the volume of business and the prices could not pick up in the current year also resulting in reduced and poor profitability.

3. FUTURE PROSPECTUS :

As could be observed from the operations of your Company, the industry has started showing signs of improvement during the last financial year which has already been reflected in the performance of your Company as well. With the improving trends continuing in the industry, the performance of your Company during this year is expected to be much better than that of the previous year, barring unforeseen circumstances.

4. DIRECTORS :

Mr. C.S. Pani, Director resigned from the Board on account of his pre-occupation. Your Directors wish to place on record their appreciation for valuable guidance and advice rendered during his tenure.

Dr. R.B. Baheti, Director of your Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Y.C. Gupta was appointed as an additional Director on the Board w.e.f. 29th July, 2001. Your Board recommends for the approval of his appointment by the Share Holders at the ensuing Annual General Meeting.

16th ANNUAL REPORT 2000 - 2001**5. AUDITORS:**

M/s Brahmayya & Co., Auditors of your Company will retire at the conclusion of this 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.

6. CORPORATE GOVERNANCE:

Your Company is committed to good Corporate Governance with objective of enhancing the long term value for share holders and at the same time protecting the interest of other stakeholders and adopting a methodology which enhance effectiveness, better utilization of resources and harmonious relations between different interest groups. In compliance of SEBI directives the code of Corporate Governance shall be implemented by the Company within the financial year 2001-2002.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Companies (Amendment) Act, 2000 requires that the Directors ensure that the financial statements of the Company are prepared in such manner to give a true and fair view of the state of affairs of the Company as at the end of 31st March, 2001 and of the profit/loss of the Company for the year to that date. Your Directors confirm compliance in this regard.

Your Directors to the best of their knowledge and belief, state that the Company maintains proper accounting records which disclose with reasonable accuracy, the financial position of the Company.

Further, your Directors state that those accounting records have formed the basis in the preparation of financial statements of the Company in compliance with the provisions of the Companies Act, 1956, including any amendments thereto.

Your Directors state that in preparing the aforesaid financial statements of the Company, appropriate account policies have been consistently applied and supported by reasonable and prudent judgements and estimates. Your Directors also believe that all accounting standards, which are considered to be applicable have been followed and that these financial statements have been prepared on an ongoing concern basis.

Further, your Directors to the best of their knowledge and belief, state that appropriate internal control systems are in place which are reasonably expected to safeguard the assets of the Company and to prevent irregularities.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Continuous thrust is laid by the company on saving of electrical energy in the factory continuously. The 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.

8. TECHNOLOGY ABSORPTION:

Though the technology is indigenous, the company has absorbed fully the state-of-art technology installed in all areas of operation.

9. RESEARCH AND DEVELOPMENT:

As a policy, continuous thrust on Research and Development is being maintained and steadily developed.


STI GRANITE INDIA LIMITED
10. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Earnings:	Amount Rs. in lakhs
a) FOB value of exports	1938.41
Outgo:	Amount Rs. in lakhs
a) CIF value of import of consumables	259.36
b) Remittance of interest	20.26
c) Foreign Travel Expenses	10.70
d) Commission on Export Sales	3.15

PARTICULARS OF EMPLOYEES:

The Company had no employees of the category mentioned in Section 217 (2A) of the Companies Act, 1956.

FIXED DEPOSITS:

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

INDUSTRIAL RELATIONS:

Your Company follows highly progressive policies in the factory concerning its employees leading to high degree of employee involvement associated with high quality and low rejection rates. Industrial relations during the year under review were cordial.

ACKNOWLEDGEMENT:

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

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

**By order of the Board
for STI GRANITE INDIA LIMITED**

Mumbai
30th June, 2001

(Dr. R.B. BAHETI)
Chairman

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AUDITOR'S REPORT**TO THE SHARE HOLDERS OF
STI GRANITE INDIA LIMITED**

We have audited the attached Balance Sheet of STI Granite India Limited, as at 31st March, 2001 and also the annexed Profit & Loss Account of the Company for the year ended on that date, and report that:

- i. 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.
- ii. In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from the examination of those books.
- iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- iv. Subject to clause No. (iii) of Note No.17(g) of schedule M regarding non-provision towards future liability for leave encashment of employees, in our opinion the Balance Sheet and Profit and Loss account dealt with by this report comply with accounting standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956.
- v. As per information and explanations given to us, none of the Directors of the Company is disqualified from being appointed as a Director of the Company under Section 274 (1) (g) of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with notes thereon and statement of accounting policies give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - a. in the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2001.
 - and
 - b. in the case of the Profit and Loss account, of the loss for the year ended on that date.

As required by the Manufacturing and other Companies (Auditors Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of Books and Records of the Company as were considered appropriate, and on the basis of the information and explanations given to us during the course of the audit, we further report that:

1. The Company is maintaining proper records to show full particulars including quantitative details and situation of Fixed Assets. We are informed that the Fixed Assets except goodwill have been physically verified by the management at reasonable intervals and that no material discrepancies were noticed on such verification.
2. None of the assets of the Company have been revalued during the year.
3. Physical verification has been conducted by the management at reasonable intervals during the year, in respect of finished Goods, Stores, Spares and Raw Materials.
4. The procedure of physical verification of stocks followed by the management, are reasonable and adequate in relation to the size of the Company and nature of its business.
5. we are informed that no material discrepancies have been noticed on physical verification of stocks as compared to book records.
6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.