

# **18<sup>th</sup> ANNUAL REPORT 2002 - 2003**

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## **STI GRANITE INDIA LIMITED**

**DIRECTORS**

Dr. R.B. Baheti - Chairman

Mr. Rajendra Prasad

Mr. R.C. Soni

**AUDITORS**

M/s. Brahmayya & Co.  
Chartered Accountants  
Khivraj Mansion  
10/2, Kasturba Road  
BANGALORE - 560 001

**BANKERS**

State Bank of India  
State Bank of Mysore

**SHARE TRANSFER AGENT &  
REGISTRAR**

(For Demat and Physical both)

Bangalore:

M/s. Intime Spectrum Registry Ltd.  
40/3, IInd Floor, Geetha Mansion,  
K.G. Road, Bangalore - 560 009  
Phone: ++91-080-2350351  
E-mail: [bangalore@intimespectrum.com](mailto:bangalore@intimespectrum.com)

Mumbai Office:

M/s. Intime Spectrum Registry Ltd.  
C-13, Pannalal Silk Mills Compound,  
Kantilal Maganlal Indl. Estate, L.B.S. Road,  
Bhandup West, Mumbai - 400080  
Phone: ++91-022-25923837  
E-mail: [isrl@vsnl.com](mailto:isrl@vsnl.com)

**REGISTERED OFFICE & FACTORY**

22-24, Antharasanahally Indl. Area  
Bangalore - Pune Highway  
Tumkur - 572 106  
Phone: ++91-0816-2211365  
E-mail: [stg@bgl.vsnl.net.in](mailto:stg@bgl.vsnl.net.in)  
Web: [www.stigranite.com](http://www.stigranite.com)

## NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of STI Granite India Limited will be held on Tuesday, the 30th September, 2003 at 10.00 AM at the Registered Office of the Company at No.22-24, Antharasanahally Industrial Area, Tumkur, Karnataka - 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 31<sup>st</sup> March 2003 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 and to fix their remuneration and in this connection to pass the following resolution with or without modification as an Ordinary Resolution.

**"RESOLVED THAT** M/s.Brahmayya & Co, Chartered Accountants, Bangalore be and are hereby reappointed as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on a remuneration of Rs.50,000/- and out of pocket expenses as may be incurred."

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** Mr.Rajendra Prasad who was appointed as an Additional Director on 28<sup>th</sup> September, 2002 by the Board under section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

**"RESOLVED THAT** Mr.R.C.Soni who was appointed as an Additional Director on 31<sup>st</sup> January 2003 by the Board under section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

**"RESOLVED THAT** subject to the approval of the Central Government pursuant to Section 21 and other applicable provisions of the Companies Act, 1956, the name of the Company be and is hereby changed from '**STI GRANITE INDIA LIMITED**' to '**GLOBLE STONE INDIA LIMITED**' with effect from the date of issue of the fresh certificate of incorporation by the Registrar of Companies."

**"RESOLVED FURTHER THAT** the name '**STI GRANITE INDIA LIMITED**' wherever occurs in the Memorandum, Articles, documents, contracts as well as in all other records and books of the Company be substituted by the new name '**GLOBLE STONE INDIA LIMITED**'."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do such other acts, deeds and things as may be necessary to implement the above resolution."

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

**"RESOLVED THAT** in accordance with SEBI (Delisting of Securities) Guidelines, 2003, provisions of the Listing Agreements and subject to such approvals, permissions and sanctions under other relevant Laws, Rules and Regulations as may be necessary and subject to such conditions and modifications as may be prescribed while granting such approvals, the Equity Shares of the Company be delisted from Madras Stock Exchange Ltd., Chennai, The Stock Exchange, Ahmedabad and Madhya Pradesh Stock Exchange, Indore."

**STI GRANITE INDIA LIMITED**

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to agree to such terms and conditions which they may consider appropriate and to do all such other acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question difficulty, doubt that may arise in regard to the delisting of the Equity Shares from Madras Stock Exchange Ltd., Chennai, The Stock Exchange, Ahmedabad and Madhya Pradesh Stock Exchange, Indore."

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

**(DR.R.B.BAHETI)**  
Chairman

Indore  
28<sup>th</sup> June, 2003

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form to be effective must be lodged duly completed and stamped at the registered office of the company at least 48 hours before the time for holding the meeting.

2. The Explanatory Statements as required pursuant to the provisions of Section 173 (2) of the Companies Act, 1956, in respect of Item No. 4, 5, 6 & 7 included in the notice, are annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 23.09.2003 to 30.09.2003 (both days inclusive).
4. The Company has entered into agreement with Central Depository Services (India) Ltd. (CDSL). Accordingly, the equity shares of the Company can now be held in the electronic form with any Depository Participant (DP) and the members can have their depository account. The ISIN number allotted by CDSL to the equity shares of the Company is INE 057G 01019. The Company has made an application to NSDL also for admission of its equity shares which is at an advance stage of approval. After admission into NSDL, the shareholders of the Company shall have the convenience of dealing with both the depositories as per their choice. Members are requested to avail the demat facility. The equity shares of the Company are now traded in compulsory dematerialized mode on the Stock Exchanges.
5. The Company has appointed M/s. Intime Spectrum Registry Ltd. as a share transfer agent & registrar for Demat and Physical work.
6. Any change of address of the Members may please be notified to the Registrar and Transfer Agent at the above address quoting their Registered Folio.
7. 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.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS TO BE TRANSACTED UNDER ITEM NO. 4, 5, 6 & 7.**

**ITEM NO.4**

Mr.Rajendra Prasad was appointed as an Additional Director by the Board in their Meeting held on 28<sup>th</sup> September, 2002 in accordance with Section 260 of the Companies Act, 1956 and he holds office till the date of this Annual General Meeting. The Company has received a notice in writing from a member signifying his intention to propose his name for the office of Director under Section 257 of the Companies Act, 1956. Mr.Rajendra Prasad has rich experience of business and industry, both domestic and international, and his presence on the Board would be beneficial to the Company.

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The Board of Directors recommends his appointment for approval of the shareholders as a Director liable to retire by rotation. None of the Directors of the Company except Mr. Rajendra Prasad is concerned or interested in this resolution.

**ITEM NO.5**

Mr. R. C. Soni was appointed as an Additional Director in the Board Meeting held on 31st January, 2003 in accordance with Section 260 of the Companies Act, 1956 and he holds office till the date of this Annual General Meeting. The Company has received a notice in writing from a member signifying his intention to propose his name for the office of Director under Section 257 of the Companies Act, 1956. Mr. R. C. Soni has rich experience of business and industry, both domestic and international, and his presence on the Board would be beneficial to the Company.

The Board of Directors recommends his appointment for approval of the shareholders as a Director liable to retire by rotation. None of the Directors of the Company except Mr. R. C. Soni is concerned or interested in this resolution.

**ITEM NO.6**

The business activities of the Company have improved in the Global Market. Therefore your Board proposed for change in the name of the Company from **STI Granite India Limited** to **Globe Stone India Limited** to make the name of the Company more appropriate with latest development in the Global and Indian Granite business. The proposed new name is already available, as informed by ROC vide their letter No. CN/42886/2003-2004 dated 04-07-2003 to the Company. Under provisions of section 21 of the Companies Act, 1956, this change requires approval of Shareholders by special resolution.

The Board recommends passing of the Resolution. None of the Directors are concerned or interested in this resolution.

**ITEM NO.7**

Presently the Company's Equity shares are listed on the following five stock exchanges:

1. The Stock Exchange, Mumbai
2. Bangalore Stock Exchange Limited, Bangalore
3. Madras Stock Exchange Ltd., Chennai,
4. The Stock Exchange, Ahmedabad,
5. Madhya Pradesh Stock Exchange, Indore.

With the computerisation of Mumbai Stock Exchange, the investors can easily access to on line dealing in the Company's equity shares across the country. For last few years, there were no trading in the Company's equity shares at the Madras Stock Exchange Ltd., Chennai, The Stock Exchange, Ahmedabad and Madhya Pradesh Stock Exchange, Indore and thus these stock exchanges do not justify, the listing fees paid for listing with the above stock exchange as the same does not have any benefit for the shareholders.

In accordance with the provisions of SEBI (Delisting of Securities) Guidelines, 2003, a special resolution is proposed at item no. 7 for delisting of its equity shares from Madras Stock Exchange Ltd., Chennai, The Stock Exchange, Ahmedabad and Madhya Pradesh Stock Exchange, Indore. The listing of the Shares shall continue on the Stock Exchange, Mumbai and Bangalore Stock Exchange Limited, Bangalore providing exit routes to the shareholders.

In view of the above, the Board recommends the resolution for your approval. None of the Director is concerned or interested in this resolution.

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

Indore  
28<sup>th</sup> June, 2003

**(DR. R. B. BAHETI)**  
Chairman

**STI GRANITE INDIA LIMITED****DIRECTORS' REPORT**

Dear Shareholders,

The Directors have pleasure in presenting the Eighteenth Annual Report of the Company with the Audited Statement of Accounts for the Year ended 31<sup>st</sup> March 2003.

**FINANCIAL RESULTS:**

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

	31.03.2003	(Rs. in lakhs) 31.03.2002
Sales and other Income	2829	3027
Total Expenditure	2365	2744
Profit/(Loss) before Interest, Depreciation & Tax	464	283
Interest and Finance Charges	267	287
Profit/(loss) Before Depreciation and Taxation	197	(4)
Depreciation	128	125
Provision for taxation	-	5
Profit after Taxation	69	(134)
Net Profit / (Loss)	69	(239)
Balance b/f from previous year	(1477)	(1237)
Balance of profit for appropriation	(1408)	(1477)

**APPROPRIATION:**

Balance carried to Balance Sheet	(1408)	(1477)
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**OPERATIONS:**

The operations of your company during 2002-2003 have been satisfactory when compared to the previous year. There has been a significant turn around globally in the industry fortunes and it is expected that the industry would perform reasonably satisfactorily in the years to come. In anticipation of the expected growth in demand, the company installed an additional polishing machine, which has already helped in increasing the volume of operations in the last 9 months. The company also has implemented effective cost saving measures and improved the productivity parameters, which has helped to sustain its operations and improve the profitability.

**FUTURE PROSPECTS:**

Already improved operations of your company in the last couple of years and with the expected improvements in the industry globally in the years to come, it is expected that there would be a significant turn around in the performance of your company also in the next few years. The company has already installed additional facilities so as to take care of the additional anticipated demands coupled with significant reduction in the operating cost and improvement in the production parameters. With the availability of raw materials in reasonably good quantities, barring unforeseen circumstances, the company expects the operations would improve significantly in the years to come.

**DIRECTORS:**

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.Rajendra Prasad and Mr. R.C.Soni were appointed on the Board as Additional Director w.e.f 28<sup>th</sup> September, 2002 and 31<sup>st</sup> January 2003, respectively. Your Board recommends their appointment as Director liable to retire by rotation in the ensuing Annual General Meeting.

Mr.Y.C.Gupta and Mr.Ajay Jajoo, Directors resigned from the Board on account of their other pre-occupation. Your Directors wish to place on record their appreciation for valuable guidance and advise rendered during his tenure.



**AUDITORS:**

The Auditors M/s. Brahmayya & Co., retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The present Auditors has furnished the necessary certificate as required under section 224(1B) of the Companies Act, 1956.

**CHANGE IN THE NAME OF COMPANY:**

As you are aware that your Company is improving its performance in the Global and Indian Granite business. Present name of your Company is not suiting to the current outlook and business. The Board has therefore thought it appropriate to change name of the Company to "Globe Stone India Limited" for which your company has already obtained a confirmation from the ROC, Bangalore. Necessary resolution in this regard has been proposed in the Notice of this Annual General Meeting for the approval of shareholders as per Section 21 of the Companies Act, 1956.

**REPORT ON CORPORATE GOVERNANCE:**

The company has already complied with the requirement of Corporate Governance in terms of clause 49 of listing agreement. A detailed report on Corporate Governance is annexed as Annexure-I forming part of this report.

**DEMATERIALISATION FACILITIES:**

Your Company has signed agreement with Central Depository Services (India) Ltd (CDSL) and National Security Depository Ltd. (NSDL) to facilitate its members to hold and trade in their shares in electronic form. The ISIN code allotted by CDSL is INE057G01019. The Company has made an application to NSDL also for admission of its equity shares which is at an advance stage of approval. After admission into NSDL, the shareholders of the Company shall have the convenience of dealing with both the depositories as per their choice. The company has appointed M/s Intime Spectrum Registry Ltd., Mumbai as Share Registrar and transfer agent of the company to facilitate physical as well as electronic transactions in shares and other services. SEBI has included Company's shares in the list of compulsory trading in electronic form. Therefore, the trading in the Company's equity shares through stock exchange in future will be in demat form only. Members are requested to avail this opportunity and get their holdings dematerialised at the earliest.

**DELISTING OF SECURITIES FROM STOCK EXCHANGES.**

Equity Shares of the Company are presently listed at Five Stock Exchanges including the Stock Exchange, Mumbai (BSE) and Bangalore Stock Exchange Ltd., Bangalore (BGSE). As formalities for compulsory electronic connectivity are over, regular trading in shares of company shall commence at BSE very soon. Trading in Company's Equity Shares at other stock exchanges are always negligible and does not offer any service to the members. Since these stock exchanges does not justify expenses on listing, the Board of Directors have decided to delist its equity from Three Stock Exchanges i.e. Madhya Pradesh Stock Exchange, Indore, Madras Stock Exchange, Chennai and The Stock Exchange, Ahmedabad. Necessary resolution in this regard has been proposed in the Notice of ensuing Annual General Meeting for the approval of shareholders as per SEBI (Delisting of Securities) Guidelines 2003. The listing of Equity Shares shall continue for regular trading at BSE and BGSE.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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 accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the company at the end of the financial year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this 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.



STI GRANITE INDIA LIMITED

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:****(a) CONSERVATION OF ENERGY:**

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.

**(b) TECHNOLOGY ABSORPTION:**

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

**(c) RESEARCH AND DEVELOPMENT:**

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

**(d) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

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

<b>Earnings:</b>	<b>Amount Rs. in lakhs</b>
a) FOB value of Exports	2671.19
<b>Outgo:</b>	<b>Amount Rs. in lakhs</b>
a) CIF value of capital goods	69.49
b) CIF value of import of consumables	392.60
c) Remittance of Interest	Nil
d) Foreign Travel Expenses	5.18
e) Commission on Export Sales	1.51

**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 concerning its employees and provides a conducive atmosphere to each employee to excel their performance. The company provides a clean and healthy working environment to its employees. 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, Financial Institutions and other agencies.

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

**(DR.R.B.BAHETI)**  
Chairman

Indore  
28<sup>th</sup> June, 2003



## ANNEXURE-I TO THE DIRECTORS' REPORT ON CORPORATE GOVERNANCE (for the financial year 2002-03 )

### INTRODUCTION

The Securities and Exchange Board of India has introduced a Code of Corporate Governance (Code) by way of amendment to the listing agreements with the Stock Exchanges. The Company has complied with the mandatory requirements of the Code.

### 1. COMPANY'S PHILOSOPHY

The fundamental objective of the Company's Corporate Governance is "enhancement of long-term value for share holders and at the same time protecting the interest of other stakeholders and adopting a methodology which enhances effectiveness, better utilization of resources, transparent and harmonious relations between various interest groups", better working environment and workers participation in Management.

### 2. IMPLEMENTATION

Although the applicability of code to STI Granite India Limited is effective financial year 2001-02 onwards, as per the requirement of Listing Agreement with the Stock Exchanges, the Company has already taken necessary steps to comply with the same effective from Financial Year 2000-01.

### 3. BOARD OF DIRECTORS

#### a) Composition:

The Board of STI Granite India Limited comprises of Four Directors. None of the Directors of the Company is a Member on more than 10 committees or Chairman of more than 5 committees (as specified in the clause 49 of the Listing Agreement). The Board is primarily responsible for the overall management of the Company's business. The Composition of the Board during the financial year 2002-2003 was as under:

Name	Category	Designation	No. of meetings held during the tenure	No. of meetings attended
Dr.R.B.Baheti	Promoter & Director	Chairman	5	5
Mr. K.N. Garg	Promoter & Director	Director	5	5
Mr. Y.C. Gupta (upto 31.01.2003)	Independent & Non-Executive Director	Director	4	4
Mr. Ajay Jajoo (upto 28.09.2002)	Independent & Non-Executive Director	Director	1	-
Mr. Rajendra Prasad (w.e.f. 28.09.2002)	Independent & Non-Executive Director	Director	2	2
Mr. R.C. Soni (w.e.f. 31.01.2003)	Independent & Non-Executive Director	Director	1	1


**STI GRANITE INDIA LIMITED**
**b) Board Meetings and Attendance of Directors**

The details of meeting wise attendance of Directors are as under:

Sl. No.	Name of the Directors	30.06.02	31.07.02	28.09.02	31.10.02	31.01.03
1.	Dr. R.B. Baheti	P	P	P	P	P
2.	Mr. K.N. Garg	P	P	P	P	P
3.	Mr. Y C Gupta (up to 31.01.2003)	P	P	P	P	
4.	Mr. Ajay Jajoo (upto. 28.09.2002)		LOA			
5.	Mr. Rajendra Prasad (w.e.f. 28.09.2002)				P	P
6.	Mr. Ramesh Chandra Soni (w.e.f. 31.01.2003)					P

Note : P = Present, LOA = Leave of Absence

**c) Sitting Fees**

None of the Directors' were paid Sitting Fees during Financial year 2002-03.

**4. BOARD COMMITTEES:**

For effective and efficient functioning of the Company the Board has formed the following Committees:

- Audit Committee
- Remuneration Committee
- Shareholders'/Investors' Grievance Cum Share Transfer Committee

**a) AUDIT COMMITTEE**
**Terms of Reference**

Terms of Reference of the Audit Committee are as per the guidelines set out in the listing agreement with the Stock Exchanges and this interalia, include -

- i) Oversee Company's financial reporting process and the disclosure of its financial information to ensure financial statements are correct, sufficient and viable.
- ii) Recommend appointment and removal of Statutory Auditors, fixation of Audit fee, and also approve payment for other services.
- iii) Review the adequacy of internal control systems with the Management, Statutory and internal auditors.
- iv) Review the Company's financial and risk management policies.