

# 26<sup>th</sup>

## Annual Report

2010-11



*Quality & Commitment*



**STI India Limited**

**A Subsidiary of Bombay Rayon Fashions Limited**

*Manufacturers of quality Cotton Yarn & Cotton Knitted Fabrics*

## Corporate Information

### Board of Directors

Dr. R. B. Baheti	- Chairman
Mr. Aman Agrawal	- Vice Chairman
Mr. Prashant Agrawal	- Managing Director
Mr. A. R. Mundra	- Director
Mr. K. N. Garg	- Director
Mr. T. N. Anand Reddy	- Director
Mr. S. Sreedhar Reddy	- Director
Mr. A. V. Narasimha Reddy	- Director
Mr. Upkar Singh Kohli	- Special Director - (BIFR)
Mr. A. Arumugham	- Additional Director (Appointed w. e. f. 09.02.11)
Dr. Shashank N. Desai	- Director (Ceased w.e.f. 08.02.2011)

### Company Secretary

Mr. Raj Kumar Bhawsar

### Auditors

V. K. Beswal & Associates  
Chartered Accountants

### Bankers

IndusInd Bank Limited  
State Bank of India

### Regd. Office & Works

#### STI India Limited

Rau-Pithampur Link Road,  
Tehsil - Mhow,  
Dist. Indore - 453 332 (M.P.) India

### Registrar & Transfer Agent

**Link Intime India Private Limited**  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai- 400 078  
Tel : 022-25946970

## CONTENTS

	Page No.
Notice of Meeting and Explanatory Statement U/s 173(2) of the Companies Act, 1956.....	01
Directors' Report .....	05
Annexure to the Directors' Report .....	07
Report on Corporate Governance .....	09
Management Discussion and Analysis .....	17
Auditor's Report and Annexure to the Auditor's Report.....	19
Balance Sheet .....	22
Profit & Loss Account .....	23
Schedules forming part of Accounts.....	24
Cash Flow Statement .....	35
Balance Sheet abstract and Company's General Business Profile.....	36
Proxy Form / Attendance Slip	



## NOTICE

NOTICE is hereby given that the 26th Annual General Meeting of the Members of STI India Limited will be held on Wednesday, the 7th September, 2011, at 11.00 a.m. at the Registered Office of the Company situated at Rau - Pithampur Link Road, Tehsil - Mhow, District Indore - 453 332 (M.P.) to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Annual Accounts for the Financial year ended on 31st March, 2011, Balance Sheet as at that date and the Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. K. N. Garg, who retires by rotation and being eligible, offers him self for re-appointment.
3. To appoint a Director in place of Mr. S. Sreedhar Reddy, who retires by rotation and being eligible, offers him self for re-appointment.
4. To appoint M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS:

5. To Consider, and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. A. Arumugham, who was appointed as an Additional Director w. e. f. 9th February, 2011 of the Company and who holds the said office until the date of this Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member under Section 257 of the Act, proposing his Candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT in conformity with the provisions of Article 125 & 127 of the Articles of Association of the Company and pursuant to the provisions of Sections 198, 309(4), 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereof time being in force) and subject to the approval of the Central Government and such other approvals as may be necessary, consent and approval of the Company be and is hereby accorded to payment of remuneration to Dr. R.B. Baheti, as non executive director of the Company of Rs. 1.00 Crore per annum payable monthly as may be decided by the Board of Directors from time to time, for a period of 3 years commencing from November 1, 2010 (including the remuneration to be paid to him in the event of loss or inadequacy of profits in any financial year during the aforesaid period notwithstanding that the same may be in excess of percentage limit laid down in Section 198 and Section 309 of the Companies Act, 1956)."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution."

By Order of the Board of Directors  
**For STI INDIA LIMITED**

Place: Mumbai  
Date: June 4, 2011

**Raj Kumar Bhawsar**  
Company Secretary

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO 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 instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

2. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, the 2nd September, 2011 to Wednesday, the 7th September, 2011 (both days inclusive).
3. Members desirous of getting any information about the accounts and operation of the Company are requested to address their query to the Secretarial Department at the Registered Office well in advance so that the same may reach at least seven days before the date of the Meeting to enable the management to keep the required information readily available at the Meeting.
4. The Members having physical shares are requested to notify immediately any change in their addresses with the Postal Identity Number (Pin Code) and quoting their folio number(s) to the Company. The Members holding shares in Demat form are required to get updated change in their addresses through their Depositories.

**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 and details required as per Listing Agreement and other Compliances.**

**ITEM NO. 2**

**Mr. K. N. Garg**, Director of the Company, is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. K. N. Garg, is an Industrialist. Mr. Garg born in 1945, having Masters' Degree in Commerce and Bachelors' Degree in Law, is a new age entrepreneur. Mr. K. N. Garg, has very wide experience of Treasury Management for more than three decades.

Mr. Garg has been key driver in making strategic moves for bringing STI Sanoh India Limited, the joint venture company, out of critical conditions and he is now running its business successfully. Presently, he is Whole Time Director of STI Sanoh India Limited and also acting as Director on the Board of other companies.

As a Member of the Board, Mr. K. N. Garg is expected to add immense value for the long-term growth of the Company. Accordingly, a resolution at Item No. 2 is placed before the Members for his re-appointment for approval of the Members.

Your Directors recommend his re-appointment, as Director liable to retire by rotation, for the approval of Members. Apart from Mr. K. N. Garg, no other Director is interested in the resolution. Mr. K. N. Garg does not have relationship with any other Member of the Board.

### ITEM NO. 3

**Mr. S. Sreedhar Reddy**, Director of the Company, is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr. S. Sreedhar Reddy, is an experienced industrialist having good exposure to production and marketing with B. Tech. Degree in Electronics and Communications. On the Board of Directors of the Company Mr. S. Sreedhar Reddy is proposed to be reappointed as an Independent Director.

As a Member of the Board, Mr. S. Sreedhar Reddy is expected to add immense value for the long-term growth of the Company. Accordingly, a resolution at Item No. 3 is placed before the Members for his re-appointment for approval of the Members.

Your Directors recommend his re appointment as Director liable to retire by rotation, for the approval of Members. Apart from Mr. S. Sreedhar Reddy, no other Director is interested in the resolution. Mr. S. Sreedhar Reddy does not have relationship with any other Member of the Board.

### ITEM NO. 5

**Mr. A. Arumugham**, was appointed as an Additional Director on the Board of the Company with effect from 9th February, 2011 and as such he holds his office till the date of the ensuing Annual General Meeting.

Mr. A. Arumugham, a Chartered Accountant having overall experience of more than four decades in practice / industries. He is also associated with various large corporate houses and has sound knowledge in various activities such as fund mobilization, mergers, takeovers and legal compliances etc.

The Company has received a Notice from a shareholder proposing his name for appointment as Director of the Company liable to retire by rotation in terms of Section 257 of the Companies Act, 1956. Accordingly, a resolution at Item No. 5 is placed before the Members for his appointment for approval of the Members.

As Member of the Board Mr. A. Arumugham, is expected to add immense value for the long-term growth of the Company.

Your Directors recommend his appointment, as Director liable to retire by rotation, for the approval of Members. Apart from Mr. A. Arumugham, no other Director is interested in the resolution. Mr. A. Arumugham does not have relationship with any other Member of the Board.

### ITEM NO. 6

On expiration of term of appointment of Dr. R. B. Baheti, as Chairman and Managing Director of the Company on November 1, 2010, Dr. R.B. Baheti indicated his willingness to continue as non executive chairman of the Board. Dr. R. B. Baheti therefore has appointed as non executive chairman by the Board at its meeting held on November 1, 2010.

Dr. R. B. Baheti is a top level Corporate Executive has a Post-graduate in Commerce and Ph.D. in Economics (Gold Medalist). Dr. R. B. Baheti is a new age entrepreneur. Dr. R. B. Baheti has rich experience of running businesses for around four and half decades and dealing in textile is his family Business. During his tenure, the Company achieved several milestones. Dr. R. B. Baheti is also associated with Prestigious Educational Institutions viz. Indian Institute of Management, Indore, Indian Institute of Management, Lucknow etc.

Dr. R. B. Baheti was being paid an Annual Salary of Rs. 18.00 Lacs plus other perquisites as per the rules of the Company. He is not receiving any sitting fee from the Company. Considering the current scenario of textile industry, other managerial personnel's drawing level in the industry, level of profitability of the company, the time being spent, the valuable advice being given by the Dr. R.B. Baheti to the Management of the Company in the company's turnaround, the Board of Directors at its meeting held on November 25, 2010 has approved the payment of remuneration to Dr. R.B. Baheti of Rs.1 Crore per annum payable monthly effective from November 1, 2010 for a period of 3 years subject to the approval of Central Government.

The payment of remuneration would need your approval by Special Resolution. Such approval would be valid for a period of 3 years at a time. It is proposed that this resolution remain in force for a period of 3 years from November 1, 2010.

The Board recommends the resolution for approval by the Members.

None of the Directors other than Dr. R.B. Baheti is concerned or interested in the resolution.

By Order of the Board of Directors  
**For STI INDIA LIMITED**

Place: Mumbai  
Date: June 4, 2011

**Raj Kumar Bhawsar**  
Company Secretary

### **Green Initiative in the Corporate Governance**

As a responsible corporate citizen, your Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA) vide its circular nos. 17/2011 dated April, 21, 2011 and 18/2011 dated April, 29, 2011 allowing paperless compliances by the Companies.

The Green Initiative endeavors to reduce consumption of paper, in turn preventing deforestation and contributes towards a green and clean environment-a cause that we at STI India Limited are committed to. In furtherance of these initiatives, the Company invites its shareholders to participate in the Green Initiatives to affirm its commitment towards future generations.

Keeping in view the above, your company proposes to send the Documents, Notices, Balance Sheet, Profit & Loss Account, Auditor's Report, Director's Report and Explanatory Statement etc in electronic form. For supporting this initiative:-

- 1) If you hold shares in electronic form, kindly intimate/update your email ID to your Depository Participants (DP). The same will be deemed to be your registered email address for serving notices/documents.
- 2) If you hold shares in physical form, kindly intimate your email ID to the Company's Registrar & Transfer Agent (RTA) at the following address:

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West)  
Mumbai 400078

The request letter should be signed by the first/sole holder as per the specimen signature recorded with RTA and should mention your correct folio number. If you do not register your email ID, a physical copy of the Annual Report and other communication/ documents will be sent to you free of cost, as per the current practice. These documents will also be available on the company's website: [www.stitextile.net](http://www.stitextile.net).

We strongly urge you to support this 'Green Initiative' and opt for electronic mode of communication by advising your email ID to your DP/Link Intime India Private Limited.

We solicit your support to join in this initiative in reducing the impact on environment and receive all communications electronically.

**DIRECTORS' REPORT**

To,

**The Members,**

The Directors have great pleasure in presenting their 26th Annual Report and the Audited Annual Accounts of the Company for the financial year ended 31st March, 2011.

**FINANCIAL RESULTS**

The salient features of the Company's financial results during the year are as under:

	<b>(Rs. in Lacs)</b>	
<b>PARTICULARS</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Sales	24997.82	17878.40
<b>Profit before Interest, Depreciation &amp; Tax</b>	<b>2341.45</b>	<b>835.17</b>
Less: Interest	205.61	364.11
<b>Profit before Depreciation &amp; Tax</b>	<b>2135.84</b>	<b>471.06</b>
Less: Depreciation	1156.69	1150.51
<b>Profit/(Loss) before Tax</b>	<b>979.15</b>	<b>(679.45)</b>
Less - Provision for Taxes (including Deferred)	(711.51)	-
<b>Profit/(Loss) After Tax</b>	<b>1690.66</b>	<b>(679.45)</b>
Balance brought forward from previous year	(11473.05)	(10793.60)
Waiver of OCDs amount	2828.00	-
<b>Net Profit/(Loss) carried forward to the Balance Sheet</b>	<b>(6954.39)</b>	<b>(11473.05)</b>
Less : Share Premium	3773.00	3773.00
<b>Profit &amp; Loss Account</b>	<b>(3181.39)</b>	<b>(7700.05)</b>
Paid Up Share Capital and Reserve & Surplus	2940.01	2940.01
<b>Adjusted Net Worth of the Company</b>	<b>(241.38)</b>	<b>(4760.04)</b>
EPS (In Rs.)		
- Basic & Diluted	5.83	(2.34)

**OPERATIONS:**

During the financial year under review -

- the turnover of your company increased by 39.82% to Rs. 249.98 Crores. This is mainly due to better realization on export sale of higher value added products like Organic Cotton, Yarn and knitted fabric mainly to European Markets and increase in production of knitted fabrics to 16.60 lacs kg as against 13.53 lacs kg of previous year;
- PBIDTA is increased to Rs. 2341.45 Lacs against Rs. 835.17 Lacs in the previous year.
- Interest cost reduced to Rs. 205.61 Lacs from Rs. 364.11 Lacs in the previous year.

**DIVIDEND**

In view of the accumulated losses, the Board of Directors does not recommend any dividend for the year under review.

**AQUISITION OF STAKE BY BOMBAY RAYON FASHIONS LIMITED (BRFL)**

During the year under review BRFL has acquired majority stake in the Company by purchasing 86,47,336

equity shares and 3,21,80,000 Optionally Convertible Debentures (OCD's) alongwith the underlying securities / properties including the invoked 1,18,14,114 equity shares of the Company, held by IDBI Trusteeship Services Limited as debenture trustees, from two existing Overseas Private Investors (OPI's) i.e. Spinnaker Investment Group, United Kingdom and Eight Capital & Associates, United States. The said acquisition has triggered open offer by BRFL and presently BRFL is holding 2,13,79,722 equity shares representing 73.72% of paid up equity share capital of the company. After Completion of Open Offer, BRFL has become the new promoters of the Company. BRFL is a listed Company, engaged in the manufacturing and export of Fabrics & Garments. BRFL is having integrated manufacturing facilities for yarn dyeing, weaving, processing of fabrics and garmenting.

**BOARD OF DIRECTORS**

The Board of Directors has approved the payment of remuneration to Dr. R.B. Baheti as non executive director of Rs.1 Crore per annum payable monthly effective from November 1, 2010 for a period of 3 years subject to the approval of shareholders. The necessary resolution in this regard is proposed at the forthcoming Annual General Meeting.

Mr. K. N. Garg and Mr. S. Sreedhar Reddy, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Their re-appointment as Directors liable to retire by rotation is submitted to the Shareholders for their approval in the ensuing Annual General Meeting.

Mr. A. Arumugham was appointed as Additional Directors with effect from February 9, 2011. The new Director has wide range of experience and exposure of the field of finance & management of trade, business and industry. It is expected that appointment of this new director will add immense value to the Board.

Being additional Director Mr. Arumugham will hold the office till the date of ensuing Annual General Meeting (AGM) of the Company. The Company has received notice from member of the Company proposing candidature of new Director for appointment as Director liable to retire by rotation.

**PERFORMANCE OF STI SANOH INDIA LIMITED - THE JOINT VENTURE COMPANY**

Your Directors are pleased to inform that growth in the automobile sector has resulted in an improved performance by STI Sanoh India Limited, your Joint Venture Company with Sanoh Industrial Co. Limited.

During the year it recorded 27.21% growth in income at Rs.236.98 Crores in comparison to Rs. 186.29 Crores last year.

As a result of India's expected GDP Growth of 8-8.5% during the current year and targeted demand growth in automobiles and refrigeration industries in 2011-12, we expect the performance of the Joint Venture to be further better in the current year.

#### **AUDITORS**

M/s. V.K. Beswal & Associates, Chartered Accountants having Firm Registration Number 101083W the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Necessary resolution in this regard is proposed at the forthcoming Annual General Meeting.

#### **AUDITORS' REPORT**

There are no specific observation in the Auditors' Report requiring further comments under Section 217 (3) of the Companies Act, 1956.

#### **FIXED DEPOSITS**

The Company has not accepted or renewed any deposit from public during the year under review.

#### **RESPONSIBILITY STATEMENT**

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

1. In the preparation of the Annual Accounts for 2010-11, the applicable accounting standards have been followed with proper explanations relating to material departures;
2. They have selected such accounting policies and applied them consistently and made judgments 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 loss of the Company for the financial year;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis.

#### **CORPORATE GOVERNANCE**

Your Directors are committed to good corporate governance as a policy. The Audit Committee, Investors Grievance cum Share Transfer Committee and

Remuneration Committee have been constituted, as required. A detailed report on Corporate Governance is given in the annexure, which form part of this report.

#### **PARTICULARS OF EMPLOYEES**

Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the name of and other particulars of an employee is set out in the Annexure to the Directors' Report. However, as per provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company. Any member, who is interested in obtaining such particulars about an employee, may write to the Company Secretary at Registered Office of the company.

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

As required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in Report of Board of Directors) Rules, 1988, particulars of conservation of energy, technology absorption and Foreign Exchange earnings and outgo are given in the Annexure I which forms part of this Report.

#### **INDUSTRIAL RELATIONS**

The company provides a congenial and friendly atmosphere to its employees to maintain cordial relations and motivate them to develop to their full potential. Industrial Relations throughout the year were very peaceful.

#### **APPRECIATION**

Your Directors place on record their sincere appreciation to the Financial Institutions, Banks, Central and State Government authorities, representatives of Overseas Private Investors, clients and shareholders for their support and co-operation during the year. The Directors convey their special thanks to the overseas financial partners.

For and on behalf of the Board of Directors  
**For STI India Limited**

Place: Mumbai  
Date : June 4, 2011

**Dr. R.B. Baheti**  
Chairman



**ANNEXURE - I : TO THE DIRECTORS' REPORT**

**Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 217(1)(e) of the Companies Act, 1956 and the Rules made therein and forming part of the Directors' Report for the year ended 31st March, 2011.**

**Form A (Rule 2)****CONSERVATION OF ENERGY**

There is a constant thrust on energy saving in every sphere of activity as the company has conceptualized that "Energy saved is energy generated". In the process we have added the following measures to harness the energy consumption:

1. Details of steps taken during previous year for conserving Electrical Energy:-  
Replacement of non efficient pumps by energy efficient pumps
2. Annual saving due to above steps in terms of KWh and Rs.:-  
KWh - 25623 and Rs. 1.07 Lacs

**Technology Up Gradation:-**

1. **Knitting:** Inspection table's tubular light box services are obsolete now, we developed indigenous lamp driver and light box, which has been installed on machine and working all right, this modification costs us Rs. 0.86 Lacs.
2. **Ring frame:** Original electronics system is obsolete now and it's services not available, therefore we developed complete Mitsubishi electronic set for Ring frame machine and installed on machine no. 39 and 40 which costs us Rs. 5.12 Lacs for two sets, by this modification, two electronics sets are free with us that will be used as spare parts for rest all Ring frame machines.
3. **Yarn conditioning:** Vacuum pump development indigenously equivalent vacuum pump of Xorella yarn conditioning machine, which cost us Rs. 1.7 Lacs against imported spare of Rs. 8.4 Lacs, potential saving of Rs. 6.7 Lacs.
4. **Transformer:** We installed 4 sets of exhaust air fans on transformer no. 1 & 2 to reduce oil & winding temperature and achieved in temperature reduction by 6 deg. cent. for better working.

**Future Planning for Energy conservation (2011-12)**

1. To replace one pump for pump house.
2. To install VFD on h-plant pumps at remaining locations.

<b>Power and Fuel consumption</b>	<b>Current year 2010-11</b>	<b>Previous year 2009-10</b>
Electricity		
1. Purchased (Units in Lacs)	<b>467.77200</b>	454.02600
2. Generated (Units in Lacs)	<b>0.39898</b>	0.02486
Total Amount (Rs. In Lacs)	<b>1920.74987</b>	1668.78734
Rate per unit	<b>4.106</b>	3.675
Consumption of Electrical Energy per Kg. of Yarn	<b>3.89</b>	3.47

**FORM-B (Rule-2)****(A) RESEARCH AND DEVELOPMENT (R & D)****1. Specific areas where the R & D department worked are:**

- a) Inspection & testing of in-coming, in-process and final product;
- b) Bale management & process control observations;
- c) Machinery maintenance audit and sampling;
- d) Implementation of Control Union Certification for Organic Cotton Yarn & Fabric Production (GOTS / OE / GRS);
- e) Checking regular replacement items, e.g. cots, aprons, ball & needle bearings, waxes and packing materials etc.

**2. Benefits derived as a result of the above activities.**

- a) Maintaining consistency in Quality Parameters;
- b) Process control helped us in reducing non-conformities in the process products;
- c) The spares and bearings of right quality has helped production to minimize detentions due to early failure of these parts.

**3. Future Action Plan (2011-2012)**

- a) To further improve the quality level and maintain it;
- b) To facilitate manufacturing sustainable products (Organic Cotton Yarn & Fabric) and other value added products.

**4. Expenditure on R & D (2010-2011)**

Nil

**(B) TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION**

1. The entire plant and machinery is imported, save a few machines, and the company does not have any technical collaboration. Qualified and skilled staff equipped with the power of information technology at all levels manages the company.
2. The main target behind the above concept is reduction in operative cost. The following steps were taken in the department:

- a) By installation of 2 TFO machines, the diversification and value addition of the product has enhanced.
- b) Replaced 60 machines with 38 mm diameter ring and production increased by 5% without increasing of any power consumption.
- c) We have gone finer, thus consuming less cotton and producing more value added yarn.
- d) We have converted 9 normal ring frame machines into Elitwist as per the market demand, to get further value addition.
- e) The department workload has been further rationalized and we have reduced around 40 hands/day.
- f) Ordered six of Amstler slub attachments for six ring frame. The production of slub yarn will give value addition.
- g) Ordered for three new LR made carding machine, Autolevelled Draw/frame, Zinzer made 68i model speed frame & 7-V old Murtatec Autoconer with Quantum 2 EVC, for enhancing production capacity.
- h) Ordered for 15 new knitting machines in existing building to increase value addition. The new machines are having various facilities.
- i) We have diverted one small line to viscose (staple fibre) working and the same has been set perfectly on 10 ring frame.

### 3. Benefits derived as a result of the above efforts:

The company not only believes in sustaining the quality level but also drives forward for upgrading the total quality level. The secondary focus is on reduction in cost. The innovative ideas generated from inside the company is implemented in reality and with a very minimal investment, huge savings are accomplished.

The raw material procurement is also making tremendous efforts to procure the best of the lot at the best price.

### 4. Action Plan for 2011-2012:

- a) We have dedicated one complete line for manufacturing "Organic" Cotton in the unit throughout the year, will give high value addition and a quality bench mark in the Industry.
- b) We are planning to utilize the 100% knitting machines for further value addition.
- c) One line to work on viscose fibre for value addition & diversification.

### 5. Recent Achievements:

Developed a new shed for accommodation 15 knitting machine with lycra, fleece, Rib, & 34" Dia S/J machine. Two inspection machines also have been installed for checking.

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars	Current year 2010-2011 (Rs. in Lacs)	Previous year 2009-2010 (Rs. in Lacs)
<b>Foreign Exchange earnings:</b>		
- FOB value of goods exported	<b>4966.80</b>	2999.62
<b>C.I.F. Value of Imports:</b>		
- Stores, Spares & HSD	<b>51.94</b>	38.00
- Capital Goods	-	38.70
<b>Foreign Exchange Expenditures:</b>		
- Commission on Export Sales	<b>52.62</b>	30.34
- Foreign Traveling	<b>3.69</b>	5.30

For and on behalf of the Board of Directors  
For **STI India Limited**

Place : Mumbai  
Date : June 4, 2011

**Dr. R.B. Baheti**  
Chairman