

# **28<sup>th</sup> ANNUAL REPORT 2001 - 2002**

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**STI PRODUCTS INDIA LIMITED**

**DIRECTORS** : Dr. R.B. Baheti - Executive Chairman  
Mr. K.N. Garg  
Mr. Rajendra Prasad  
Mr. Nirmal K. Gupta

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

**REGISTERED OFFICE** : 11nd Floor, Vinayaka Complex,  
44/45, Residency Road Cross,  
BANGALORE - 560 025

**FACTORY** : Whitefield Road,  
Mahadevapura Post,  
BANGALORE - 560 048

**STI PRODUCTS INDIA LIMITED****NOTICE**

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Shareholders of STI Products India Limited will be held on Saturday the 28th September, 2002 at 4.30 PM at Hotel Ajantha, M.G.Road, Bangalore - 560 001 to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 and Profit & Loss Account for the year ended 31st March, 2002 and the reports of the Directors and Auditors' thereon.
2. To appoint a Director in place of Mr.K.N.Garg who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration.

**For and on behalf of Board of Directors**

Indore  
30th June, 2002

**(Dr. R.B. BAHETI)**  
Executive Chairman

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote at the meeting instead of himself and the proxy need not be a member of the Company.  
  
Proxy to be effective must be lodged with the Company's Registered office not less than 48 hours before the meeting.
2. The register of members and the Share Transfer Books of the Company will remain closed from 21st September, 2002 to 28th September, 2002 (both days inclusive)
3. Members are requested to inform the Company quoting their Registered Folio No. any change in their addresses immediately so as to enable the Company to despatch any future communications at their correct address.
4. Members are requested to send their queries, if any, so as to reach the registered office of the Company at least seven days in advance of the meeting so that the information can be made available at the meeting.
5. The members are requested to bring in their copy of Annual Reports while attending the Twenty Eighth Annual General Meeting of the Company.



STI PRODUCTS INDIA LIMITED

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Eighth Annual Report of the Company with the Audited Statement of Accounts for the year ended 31st March 2002.

**1. FINANCIAL RESULTS:**

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

	<b>Year ended 31.03.2002 (Rs. in lakhs)</b>	<b>Year ended 31.03.2001 (Rs. in lakhs)</b>
Sales and other Income	<b>386.00</b>	496.12
	=====	=====
Gross: Operating Profit	<b>181.12</b>	209.46
Less: Interest & Finance charges	<b>295.09</b>	243.24
	-----	-----
Profit/(Loss) Before depreciation & taxation	<b>(113.97)</b>	(33.78)
Less: Depreciation	<b>21.32</b>	22.47
	-----	-----
Profit/(Loss) before taxation	<b>(135.29)</b>	(56.25)
Less: Provision for Income Tax	<b>Nil</b>	Nil
Provision for wealth Tax	<b>Nil</b>	1.50
	-----	-----
Profit/(Loss) after Taxation	<b>(135.29)</b>	(57.75)
Prior Period adjustment	<b>1.23</b>	3.35
Deferred payment expenditure	<b>11.74</b>	11.74
	-----	-----
Balance of current year's Profit/(Loss)	<b>(145.80)</b>	(66.14)
Balance of Profit of earlier years	<b>70.85</b>	136.99
	-----	-----
Amount available for appropriation	<b>74.95</b>	70.85
Transferred to General Reserve	<b>—</b>	—
Balance carried to Balance Sheet	<b>74.95</b>	70.85
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**2. OPERATIONS:**

The Sales and Other Income for the financial year under review is Rs.386.00 lacs as against Rs.496.12 lacs for the previous year. The drop in sales is mainly on account of lower order volume from M/s Tube Investments of India Limited (TIIL) compared to the previous year. As you are aware, the Company has entered into processing arrangements with M/s Tube Investments of India Limited (TIIL) and the arrangements has been working satisfactorily. The loss for the year has been Rs.135.29 lacs (as compared to loss of Rs.56.25 lacs of the previous year) mainly on account of higher interest cost.

**3. DIVIDENDS:**

Your Directors do not recommend any dividend on Equity Shares on account of reduced profitability for the year.

**4. PROSPECTS FOR THE CURRENT YEAR:**

The performance of the company in the current year, barring unforeseen circumstances is expected to be satisfactory.

**5. DIRECTORS:**

Mr. K.N.Garg Director of the company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

**28th ANNUAL REPORT 2001 - 2002****6. AUDITORS:**

You are requested to appoint Auditors for the current year and authorise the Board to fix their remuneration.

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.

**7. 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, 2002 and of the loss of the Company for the year to that date. Your Directors confirm compliance is 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 these 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 accounting 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 going 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.

**8. DEPOSIT:**

Your Company has not accepted any Deposits from the Public within the meaning of Section 58A of the Companies Act, 1956 and Rules made thereunder.

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

Information as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of particulars in report of the Board of Directors) Rules 1988, is given in Annexure-1, forming part of this report.

**10. PARTICULARS OF EMPLOYEES**

Information as per Section 217(2A) of the Companies Act, 1956, read with (Particulars of Employees) Rules 1975 as amended, is Nil as no employee received remuneration in excess of the limits laid down.

**11. 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, Financial Institutions and Banks.

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

**By order of the Board of Directors**

Indore  
30th June, 2002

**(Dr. R.B. BAHETI)**  
Executive Chairman



STI PRODUCTS INDIA LIMITED

## ANNEXURE I

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

In accordance with the Companies (Disclosures of particulars in report of the Board of Directors) Rules, 1988.

## A. CONSERVATION OF ENERGY

The Company has taken measures for conservation of energy as a matter of policy continually.

Form for disclosure of particulars with respect to conservation of energy.

	2001-2002	2000-2001
<b>Power and Fuel consumption:</b>		
<b>1. Electricity:</b>		
a. Purchase		
i. Unit(KWH)	9,01,320	8,88,324
ii. Total Amount (Rs.)	39,94,926	38,63,708
iii. Rate per Unit (Rs.)	4.43	4.35
b. Own Generation through Diesel Generator		
i. Unit(KWH)	75,816	1,58,014
ii. Total Amount (Rs.)	4,55,447	8,04,556
iii. Cost/Unit of Diesel Oil (Rs.)	6.00	5.09
<b>2. Consumption per unit of production:</b>		
Electricity/DG Tube (KWH/M.T)	88.95	91.15

## B. TECHNOLOGY ABSORPTION:

1. The Company uses indigenous technology and this is being improved upon on a day to day basis using practical experience.
2. The Company does not spend large amounts on Research and Development, yet as a part of quality control and assurance measures, basic thrust on Research and Development continues to be maintained.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Foreign Exchange earnings and outgo during the year under review are Nil (Previous Year Nil).

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

We have audited the attached Balance Sheet of STI Products India Limited, Bangalore as at 31st March, 2002 and also the annexed Profit & Loss Account of the Company for the year ended on that date, and report that these financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- i. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- ii. 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.
- iii. 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.
- iv. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- v. Subject to note No.1 (e) of schedule 17 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 the accounting standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956.
- vi. As per the 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.
- vii. 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, 2002.
  - 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 verification with the aforesaid records.
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 Stores and Spare Parts.
4. The procedures 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.