

34th ANNUAL REPORT 2007- 2008

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STI PRODUCTS INDIA LIMITED

BOARD OF DIRECTORS

DIRECTORS

Mr.K.N.Garg Chairman

Mr.Rajendra Prasad

Mr.Nirmal Singh (wef 02.06.07)

Mr. Nirmal K. Gupta (till 02.06.07)

AUDITORS

M/s.Brahmayya & Co.

Chartered Accountants

Khivraj Mansion

10/2, Kasturba Road

BANGALORE – 560 001

REGISTERED OFFICE

No.62, AG'S Layout,

New Bel Road,

Bangalore – 560 054

Phone : 080 – 23604691

Email : stiproducts@gmail.com

SHARE TRANSFER AGENT & REGISTRAR

Bangalore Office:

M/S. Intime Spectrum Registry Ltd.

(For Demat and Physical both)

No.8, 1st Floor,

Mahaveer Shopping Complex,

K G Road, Bangalore – 560 009.

Ph.No.080-41242623

Email : 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 – 400 080.

Phone : ++ 91 - 022 – 2596 3838

Email : isrl@vsnl.com

STI PRODUCTS INDIA LIMITED

NOTICE

Notice is hereby given that the Thirty Fourth Annual General Meeting of the Members of STI Products India Limited will be held on Wednesday, the 30th day of September, 2008 at 4.00 PM at Regd. Office: No.62, AG's Layout, New BEL Road, Bangalore – 560 054 to transact the following business:

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and the 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 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 re-appointed as Auditors of the Company to hold office from conclusion of this Annual General Meeting till conclusion of the next Annual General Meeting on a remuneration of Rs 40,000/- plus service tax and other out of pocket expenses as may be incurred.”



For and on behalf of the Board of Directors
For **STI PRODUCTS INDIA LIMITED**

(K.N.Garg)
Chairman

Place: Indore
Date: 31st July 2008

34TH ANNUAL REPORT 2007-08**NOTES:**

1. The information as required under listing agreements and the relative Explanatory Statement for Special Business pursuant to Section 173(2) of the Companies Act, 1956 and all other applicable laws is annexed hereto.
2. **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.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 23.09.2008 to 30.09.2008 (both days inclusive).
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.
5. The members are requested to bring in their copies of Annual Report at the time of AGM, as no copies shall be provided separately.
6. The National Security Depository Limited (NSDL) has admitted Company's Equity shares into demat and the members can now hold the shares of the Company in the electronic form with NSDL through their depository account. The equity shares of the Company shall be traded only in dematerialized mode on the Stock Exchanges. However there is no trading in the shares of the Company for a long period. The ISIN Code allotted by NSDL to the Equity Shares of the Company is INE205G01014.
7. The Company has appointed M/s. Intime Spectrum Registry Ltd., Mumbai, having a branch at Bangalore, as Registrar & Share Transfer Agent for Demat and Physical shares. Their details are given elsewhere in this annual report.
8. Any change of address of the Members may please be notified to the Registrar and Transfer Agent quoting their Registered Folio No.
9. The Shares of the Company is listed on Bombay Stock Exchange Ltd., Mumbai and Bangalore Stock Exchange Ltd., Bangalore and payment of Listing Fee to Stock Exchanges is outstanding from the year 2003-2004.

**ANNEXURE TO THE NOTICE OF 34TH ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

FOR ITEM NO.2

Mr.K.N.Garg, Director of the Company, is retiring by rotation at the ensuing Annual General Meeting and he is available for re-appointment.

Mr.K.N.Garg, Promoter Director of the Company is an Industrialist. Mr.K.N.Garg born in 1945, having Masters' Degree in Commerce and a Bachelors' Degree in Law, is a new age entrepreneur. Mr.K.N.Garg, has rich experience in running business for more than three decades. Presently, he is Chairman of the Company and also acting as Director on the Board of various other companies.

Your Directors recommend his appointment, as Director liable to retire by rotation, for the approval of members. Apart from Mr. K.N.Garg, no other Directors are interested in the resolution.

For and on behalf of the Board of Directors
For **STI PRODUCTS INDIA LIMITED**

(K. N. Garg)
Chairman

Place: Indore
Date: 31st July, 2008

DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the Thirty Fourth Annual Report of the Company with the Audited Statement of Accounts for the year ended 31st March, 2008.

PERFORMANCE DURING THE YEAR:

The continuance of closure of manufacturing operations during the year has resulted in losses to the Company, as with no manufacturing operations, the entire administrative and Interest expenditure remain unabsorbed. The accumulated losses of the Company as at 31st March, 2008 were marginally up at Rs. 2,823.83 lacs (Previous year Rs. 2,822.28 lacs).

FINANCIAL RESULTS:

As the Company did not have any manufacturing operation during the year, the financial figures are not comparable with the previous year, a summary of which is as under:-

Particulars	(Rs.in lacs)	
	2007-2008	2006-2007
Authorized Share Capital	400.00	400.00
Sales and other Income	-	2.18
Total Expenditures	1.55	2.31
Interest and Finance Charges	0.00	0.02
Gross Profit / (Loss)	(1.55)	(0.15)
Provision for taxation	---	---
Goodwill written off	---	---
Net Profit / (Loss)	(1.55)	(0.15)
Balance b/f from previous year	(2,822.28)	(2,822.13)
Balance carried to Balance Sheet	(2,823.83)	(2,822.28)

CLOSURE OF THE COMPANY:

With a view to conserve resources from further depletion and to save administrative cost, the Company has given a closure notice with effect from 1st June, 2004 to the Labour Secretary, Department of Labour, Government of Karnataka, Bangalore. The dues of all the employees and workers of the Company have been settled and for more than a year there is no employee working in the Company. The Company also does not own any assets for its operations.

REFERENCE TO BIFR:

The members are aware that as the accumulated losses as on 31st March, 2004 had went up to Rs. 1099 lacs, the net worth of Rs. 871 lacs of the company got completely eroded in the year 2003-04 and the provisions of Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985, (SICA) became applicable on the Company. Accordingly the Company had made a reference for registration to the Board for Industrial and Financial Reconstruction (BIFR). The BIFR has in its hearing held on 12th July 2006 dismissed the reference filed by the company on the ground that the company does not own any industrial unit.

34TH ANNUAL REPORT 2007-08**FUTURE OUTLOOK:**

As already informed to all the members earlier the company does not expect to commence any operations in the company as the Plant & Machinery and other fixed assets of the company have already been disposed off and therefore the prospects of the company appears to be critical. The management of the Company also does not expect any turn around in the Company in near future.

DIRECTORS:

Shri K.N.Garg, Chairman of your Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

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.

DIRECTORS' COMMENTS ON AUDITORS QUALIFICATION:

Your Directors have taken note of the observations / suggestions of the Company's Auditors in their report including its annexure and positive measures have been taken to implement the same. All their points have been adequately covered and explained in the report of the Board of Directors as well as in notes to the accounts.

REPORT ON CORPORATE GOVERNANCE:

In absence of any regular revenue stream, the Company is finding it difficult to comply with the provisions of listing agreement, however, the company has fairly complied with the requirement of Corporate Governance in terms of clause 49 of listing agreement. A detailed Corporate Governance Report is annexed as Annexure to the report.

DEMATERIALISATION FACILITIES:

Your Company is registered with National Security Depository Ltd. (NSDL) to facilitate its members to hold and trade their shares in electronic form. NSDL has provided us ISIN No. INE205G01014 with effect from November 15, 2003. 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. However at present the shares of the company are not traded on any Stock Exchange.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the accounting policies are consistently applied and reasonable, prudent judgment 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;
- 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;
- the Directors have prepared the annual accounts considering that all the fixed assets of the company are either under disposal or have been disposed off, dismissal of reference with BIFR, Settlement of workers, absence of any operations for last few years and absence of any possibility to restart the operational activity in near future.

STI PRODUCTS INDIA LIMITED

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 not applicable on the Company in view of no manufacturing operations in the company during the year.

PARTICULARS OF EMPLOYEES:

The provisions of Section 217 (2A) of the Companies Act, 1956 are not applicable on the company as there is no employee in the company.

FIXED DEPOSITS:

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

INDUSTRIAL RELATIONS:

Industrial relations with the employees were cordial upto the date of settlement with them. Therefore the directors wish to record their appreciation of the sincere and dedicated support by the employees of the company at all levels upto the date of settlement:

ACKNOWLEDGEMENT:

The Directors have pleasure in recording their appreciation of the continued assistance and co-operation extended to the Company by all the stakeholders.

For and on behalf of the Board of Directors
For STI PRODUCTS INDIA LIMITED

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(K. N. Garg)
Chairman

Place: Indore
Date: 31st July, 2008

34TH ANNUAL REPORT 2007-08**REPORT ON CORPORATE GOVERNANCE**

(As on 31st March, 2008 in terms of Clause 49 of the Listing Agreement)

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 requirements of the Code.

1. COMPANY'S PHILOSOPHY

The objective of the Company's Corporate Governance is to comply with its mandatory provisions to the best possible way.

2. IMPLEMENTATION :

As per the requirement of Listing Agreement with the Stock Exchanges, the Company is taking necessary steps to comply with the mandatory provisions of the Corporate Governance gradually from Financial Year 2002-03.

3. BOARD OF DIRECTORS**a) Composition:**

As on 31st March, 2008, the Board of STI Products India Limited comprises of three 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 2007-2008 was as under:

Name	Category	No. of meetings	No. of meetings attended	Last AGM attended
Mr. K.N. Garg	Promoter & Director - Chairman	4	4	Yes
Mr. Rajendra Prasad	Independent & Non - Executive Director	4	4	Yes
Mr. Nirmal Singh	Independent & Non - Executive Director	4	NIL	Yes

b) Board Meetings and Attendance of Directors

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

Sl. No.	Name of the Directors	30.06.07	31.07.07	31.10.07	31.01.08
1	Mr. K.N. Garg	P	P	P	P
2	Mr. Rajendra Prasad	P	P	P	P
3	Mr. Nirmal Singh	LOA	LOA	LOA	LOA

Note: P = Present, LOA = Leave of Absence