

35th ANNUAL REPORT 2008– 2009

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STI PRODUCTS INDIA LIMITED

BOARD OF DIRECTORS

DIRECTORS

Mr.K.N.Garg Chairman

Mr.Rajendra Prasad – Director

Mr.Nirmal Singh - Director

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. Link Intime India Pvt. Ltd.

Formerly M/s. Intime Spectrum Registry Ltd.

(For Demat and Physical both)

543/A, 7th Main, Hanumanthanagar,

Bangalore – 560 019

Ph.No.080-26509004,

Email : bangalore@linkintime.co.in

Mumbai Office:

M/s. Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup West, Mumbai – 400 078.

Phone : ++ 91 - 022 – 2596 3838

Email : binod.raai@linkintime.co.in

NOTICE

Notice is hereby given that the Thirty Fifth Annual General Meeting of the Members of STI Products India Limited will be held on Saturday, the 26th day of September, 2009 at 11.00 AM 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, 2009 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. Nirmal Singh who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint New Auditors in place of the existing Auditors and to fix their remuneration and for that purpose pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. G. R. S. R. A. & Co., Chartered Accountants, Bangalore, be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors M/s. Brahmayya & Co., Bangalore, to hold office from conclusion of this Annual General Meeting till conclusion of the next Annual General Meeting at a remuneration of Rs.40,000/- p. a. plus such travel, service tax and out of pocket expenses as may be incurred in connection with the Audit.”

B. SPECIAL BUSINESS:

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

“RESOLVED THAT Pursuant to provisions of Section 383A(1) of the Companies Act, 1956 M/s. Rao Saklecha & Co., Practicing Company Secretary, Indore, be and is hereby re-appointed as Secretarial Auditor for issue of the Compliance Certificate and to hold office till conclusion of the next Annual General Meeting at remuneration of Rs.2,500/- 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: 22nd July, 2009

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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 22.09.2009 to 26.09.2009 (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. Link Intime India Pvt. 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.

STI PRODUCTS INDIA LIMITED

**ANNEXURE TO THE NOTICE OF 35TH ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT,
1956**

FOR ITEM NO.2

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

Mr. Nirmal Singh, Director of the Company is having vast experience. As member of the Board Mr. Nirmal Singh is likely 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. None of the Directors are concerned or interested in the above resolution.

FOR ITEM NO.3

The Company had received a notice from one of the member signifying its intention to propose the name of M/s. G R S R A & CO., Chartered Accountants, Bangalore, along with certificate from him that if appointment made it would be in conformity with the provisions of section 224 (1) (b) of the Companies Act, 1956, for the office of auditors instead of retiring auditors M/s Brahmayya & Co., Bangalore from the conclusion of ensuing annual general meeting till conclusion next annual general meeting.

None of the Directors are concerned or interested in the above resolution.

FOR ITEM NO.4

As per the amendment in Section 383A of Companies Act, 1956 read alongwith Companies (Appointment and Qualification of Secretary) Rules, 1988 w.e.f 15th March, 2009, Company is required to obtain a certificate from a secretary in whole-time-practice under the Companies (Compliance Certificate) Rules, 2001 accordingly, M/s. Rao Saklecha & Co., Practicing Company Secretary, Indore the Secretarial Auditors of the company to be appointed from the conclusion of ensuing annual general meeting till conclusion next annual general meeting.

The resolution as included in the Notice as Item No.4 of Special Business is recommended to the Members of the Company for their approval.

None of the Directors are concerned or interested in the above resolution.

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

(K. N. Garg)
Chairman

Place: Indore
Date: 22nd July, 2009

35TH ANNUAL REPORT 2008-09**DIRECTORS' REPORT**

Dear Shareholders,

The Directors have pleasure in presenting the Thirty Fifth Annual Report of the Company with the Audited Statement of Accounts for the year ended 31st March, 2009.

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, 2009 were marginally up at Rs. 2,824.91 lacs (Previous year Rs. 2,823.83 lacs).

FINANCIAL RESULTS:

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

(Rs.in lacs)		
Particulars	2008-09	2007-08
Authorized Share Capital	400.00	400.00
Sales and other Income	-	-
Total Expenditures	1.08	1.55
Interest and Finance Charges	0.00	0.00
Gross Profit / (Loss)	(1.08)	(1.55)
Provision for taxation	---	---
Goodwill written off	---	---
Net Profit / (Loss)	(1.08)	(1.55)
Balance b/f from previous year	(2,823.83)	(2,822.28)
Balance carried to Balance Sheet	(2,824.91)	(2,823.83)

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.

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

AUDITORS:

The Company had received a notice from one of the member signifying its intention to propose the name of M/s. G R S R A & CO., Chartered Accountants, Bangalore, along with certificate from him that if appointment made it would be in conformity with the provisions of section 224 (1) (b) of the Companies Act, 1956, for the office of auditors instead of retiring auditors M/s Brahmayya & Co., Bangalore from the conclusion of ensuing annual general meeting till conclusion next annual general meeting.

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.

SECRETARIAL AUDITORS

As per the amendment in Section 383A of Companies Act, 1956 read alongwith Companies (Appointment and Qualification of Secretary) Rules, 1988 w.e.f 15th March, 2009, Company is required to obtain a certificate from a secretary in whole-time-practice under the Companies (Compliance Certificate) Rules, 2001 accordingly, M/s. Rao Saklecha & Co., Practicing Company Secretary, Indore has appointed the Secretarial Auditors of the company. M/s. Rao Saklecha & Co., Practicing Company Secretary, Indore, secretarial Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

SECRETARIAL COMPLIANCE CERTIFICATE

As required under the amended provisions of Section 383A of the Companies Act, 1956 a Secretarial Compliance Certificate obtained from Practicing Company Secretary is enclosed with the Directors' Report.

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 Link Intime India Pvt. 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.

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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.

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**

(K. N. Garg)
Chairman

Place: Indore
Date: 22nd July, 2009

STI PRODUCTS INDIA LIMITED

CIN No.:L85110KA1987PLC008089

Nominal Capital: 5 Crore

COMPLIANCE CERTIFICATE

(Rule 3 of Companies (Compliance Certificate) Rules, 2001)

To,

The Members

M/s STI Products India Limited

62, AG'S Layout

NEW BEL ROAD,

Banglore, Karnataka

We have examined the registers, records, books and papers of M/s STI Products India Limited (hereinafter referred to as "company") as required to be maintained under the Companies Act, 1956 (hereinafter referred to as the "Act") and the Rules made thereunder and also the provisions contained in the Memorandum and Article of Association of the Company for the financial year ended on 31st March 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanation, information and certifications furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this Certificate with the Registrar of Companies, under the Act and the Rules made thereunder.
3. The Company being public limited company has the minimum prescribed paid up capital.
4. The Board of directors met Four (4) times during the financial year on 30th April 2008, 31st July 2008, 28th October 2008 and 31st January 2009, respectively in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members, during the financial year.
6. The Annual General Meeting for the Financial Year ended on 31st March 2008 was held on 30th September 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra -Ordinary General Meeting was held during the financial year under scrutiny.
8. The Company has not advanced loans amounting to public limited companies referred to under Section 295 of the Act.
9. The Company as certified to us has not entered in to any contracts falling within the purview of section 297 of the Act.
10. The Company has not made necessary entries in the Register. As Company was not doing any transaction that need to be entered in the register maintain under section 301 of the Companies Act, 1956.