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# STI PRODUCTS INDIA LIMITED

CIN:L85110KA1987PLC008089

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44<sup>TH</sup>

## ANNUAL REPORT FINANCIAL YEAR 2017-18



**REGISTERED OFFICE:**

Suite-B, Lakeview Farm Ramagondanahalli, Varthur Main  
Road Bangalore Bangalore KA 560066

**CORPORATE & CORRESPONDENT OFFICE:**

Romal Villa, Bungalow No. 4, Gulmohar Colony, Narsingarh  
Kothi Indore- 452018



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**44<sup>TH</sup> ANNUAL  
REPORT  
FINANCIAL  
YEAR 2017-18**

**CORPORATE INFORMATION****STI PRODUCTS INDIA LIMITED****CIN: L85110KA1987PLC008089****Director**

Mr. Kailash Narayan Garg  
Mr. Vivek Loiwal  
Mr. Nirmal Singh  
Ms. Hiba Shaikh

Director (DIN: 00008402)  
Non-Executive Independent Director (DIN: 01345114)  
Non-Executive Independent Director (DIN: 01494545)  
Women Independent Director (DIN: 07325621)

**Registered Office**

G 405 TO G 412, Sigma Soft Tech Park,  
Ramagondanahalli Village, Varthur Hobli,  
Bangalore-560066, Karnataka  
Website : [www.stiproducs.com](http://www.stiproducs.com)  
E-Mail : [stiproducs1987@gmail.com](mailto:stiproducs1987@gmail.com)

**Corporate & Correspondent Office**

Romal Villa, Bungalow No. 4, Gulmohar  
Colony, Narsingarh Kothi, Indore 452018 (M.P.)  
Tel.: **0731-2590186-87**

**Auditors**

M/s AKPS & Co.  
(Chartered Accountants)  
3-H, BCM City 4<sup>th</sup> Floor,  
Navlakha Square, A. B. Road,  
Indore-452001  
Email: E-Mail: [info@pahwajhambandco.com](mailto:info@pahwajhambandco.com)

**Registrar and Transfer Agent**

Link Intime India Pvt. Ltd.  
543A, 7th Main, 3rd Cross,,  
Hanumanthnagar,  
Bangalore - 560 019

**Secretarial Auditor**

**Nitesh Chaudhary**  
Practising Company Secretary

**Company Secretary**

ACS Rupali Sharma  
Membership No.- A47473  
(Date of Appointment -01.05.2018)

**Listed on Stock Exchange****Bombay Stock Exchange Ltd**

Floor 25, P J Towers,  
Dalal Street,  
Mumbai-400 001

**DIRECTORS' REPORT**

To  
The Member,

The Directors submit herewith their Report together with the Audited Accounts of the company for the financial year ended 31<sup>st</sup> March, 2018.

**Financial Results**

Amount in Indian Rs.

Particulars	Year ended 31/03/2018	Year ended 31/03/2017
Total Income	0.00	0.00
Total Expenditure (Excl. Depreciation & Interest)	2,97,195.00	63,777.00
Interest	9,400.00	0.00
Depreciation	0.00	0.00
Profit/ (Loss) before Tax	(3,06,595.00)	(63,777.00)
Provision for Taxation		
-Current Tax	0.00	0.00
-Deferred Tax	0.00	0.00
Profot/ (Loss) after tax	(3,06,595.00)	(63,777.00)

**Financial Performance**

The Company has incurred loss of Rs. 3,06,595/- during the current financial year as against Rs. 63,777/- during the previous financial year. Loss before tax is (3,06,595)/-as compared to (63,777)/- in previous year.

**Amounts transferred to Reserves**

In lieu of losses during the year, the company does not propose to transfer any amount to the Reserves.

**Dividend**

In view of losses in the current year, the Board of Directors has not recommended any dividend for the year ended 31<sup>st</sup> March 2018.

**Change in Nature of Business**

There is no change in nature of business of Company.

**Deposits**

Your company has not accepted/renewed any deposit from the public during the year under report.

**Share Capital**

During the year under review, there was no change in the capital structure of the Company. The authorized share capital of the company as on 31<sup>st</sup> March, 2018 was Rs.5,00,00,000.00 divided into 50,00,000 equity shares of Rs. 10/- each and The paid-up equity share capital of the company was Rs.4,00,00,000.00 divided into 40,00,000 equity shares of Rs. 10/- each.

During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

**Suspended From Stock Exchange:**

As on 31st March, 2018 Company's shares were listed on Bombay Stock Exchange with scrip code: 517492 but due to non-compliances company has been suspended from BSE Ltd dated

**Extract of Annual Returns:**

As provided under section 92(3) of the Act, the extract of annual return is given in the prescribed Form MGT-9, which forms part of this report.

**Particulars of Contracts and Arrangements with Related Parties**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large. Separate disclosure is made in the report. AOC-2 is annexed hereto as and forms a part of this Report.

**Details of Subsidiary, Joint Ventures & Associates**

During the year under review, no company became or ceased to be a Subsidiary/Joint Venture/Associate of the Company.

**Consolidated Financial Statements:**

In accordance with the Companies Act, 2013, Accounting Standard (AS)-21 and IND AS-27 "Consolidated Financial Statements" the Consolidation of Financial Statements are not applicable to Company as Company does not have subsidiary/associate/joint venture Company.

**Applicability of Indian Accounting Standards (IND-AS):**

As notified by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (IND AS) notified under Section 133 read with Rule 4A of Companies (Indian Accounting Standards) Rules, 2015, as amended, and the relevant provisions of the Companies Act, 2013 with effect from April 1, 2016 and the Company is required to prepare its financial statements in accordance with IND AS for the year ended March 31, 2018. These financial statements as and for the year ended March 31, 2018 (the "IND AS Financial Statements") are the first financial statements, the Company has prepared in accordance with IND AS.

**Secretarial Standard Compliance:**

Company is in the process of complying applicable Secretarial Standards.

**Particulars of the Employees:**

The information as required under Section 197 of the Act and rules made there-under is not applicable as none of the employees are in receipt of remuneration which exceeds the limits specified under the said rules.

**Particulars of Loan, Guarantees and Investments Under Section 186:**

During the financial year 2017-18, the Company has not given any loan to any Company including Associate Concern.

**Management's Discussion and Analysis:**

In terms of the provisions of Regulation 34 and schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 the Management's discussion and analysis is set out in this Annual Report.

**Corporate Social Responsibility (CSR) Policy**

We view responsible conduct as a necessary input for long term business success. We accept responsibility for our business, or employees and society, that is how we define our corporate responsibility. But as per Section 135 of Companies Act, 2013 your company is out of the preview of this responsibility.

**Corporate Governance**

As required under Clause 49 of the SEBI (Listing Obligation and Disclosure Requirements Regulations, 2015 with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Statutory Auditors' Certificate regarding compliance of conditions of Corporate Governance forms part of the Annual Report.

Your Company has always practiced sound corporate governance and takes necessary actions at appropriate time for meeting stakeholders' expectations while continuing to comply with the mandatory provisions of corporate governance.

**Conservation Of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo**

The details of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo are as under:

**a) Conservation of Energy:**

Since the company is not engaged in any manufacturing activity, issues relating to conservation of energy are not quite relevant to its functioning.

**b) Technology Absorption:**

Since the company is not engaged in any manufacturing activity, issues relating to Technology Absorption are not quite relevant to its functioning.

**c) Foreign Exchange Earnings/Outgo:**

Earnings	NIL
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Outgo	NIL
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**Material Changes Affecting the Financial Position of the Company**

Save as mentioned elsewhere in this Report, no material changes and commitments affecting the financial position of the Company has occurred between the ends of the financial year of the Company- 31st March, 2018 till the date of this report.

**Risk Management Policy**

The Board of Directors of the Company are of the view that currently no significant risk factors are present which may threaten the existence of the company.

During the year, your Directors have an adequate risk management infrastructure in place capable of addressing those risks. The company manages monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Audit Committee and Board of Directors review these procedures periodically. The company's management systems, organizational structures, processes, standards, code of conduct and behaviour together form a complete and effective Risk Management System (RMS).

**Directors and Key Managerial Personnel**



During the period under review, there was no change in Directorship of Company. However after closer of Financial Year but till the date of report company has appointed Ms. Rupali Sharma as Company Secretary in Whole time Employment of Company w. e. f. 01<sup>st</sup> May, 2018.

- **Retirement by Rotation:**

In accordance with the section 152 of Companies Act, 2013, and the Articles of Association of the Company, Mr. Kailash Narayan Garg (DIN: 00008402) who retires by rotation and being eligible, offers himself for re-appointment.

- **Appointment:**

Appointment of **Mr. Kailash Narayan Garg (DIN: 00008402)** as the Managing Director in the Board meeting dated 14<sup>th</sup> August, 2018 which is put for approval by shareholder in this annual general meeting, for a period 5 (Five) years commencing from 24<sup>th</sup> September, 2018 to 23<sup>th</sup> September 2023. Further, the company is in process of appointment of CFO as required under the Act.

- **Directors Remuneration:**

As prescribed under section 134(1)(e) of Companies Act, 2013, it is to inform that none of the Directors are drawing salary in view of inadequate turnover of the Company.

### **Board Evaluation**

Reg.17 of SEBI (LODR) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the corporate governance report section in this Annual Report. The Board approved the evaluation results as collated by the nomination and remuneration committee.

### **Number of Meetings of the Board**

As required under section 134(3)(b) of Companies Act, 2013 we would like to inform that the Board of Directors met **5 (Five)** times dated 30.05.2017, 15.07.2017, 13.11.2017, 14.02.2018 and 28.03.2018 during the current financial year 2017-2018. For details of the meetings of the board, please refer to the corporate governance report, which forms part of this report.

### **Policy on Directors' Appointment and Remuneration**

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2018, the Board consists of 4 members. Out of which one is Executive director, one Woman Director and two Independent Directors on the Board of the Company.

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Subsection (3) of Section 178 of the Companies Act, 2013, adopted by the Board, are stated in this Board report. We affirm that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the Company.

### **Training of Independent Directors**



Every new independent director of the Board attended an orientation program. To familiarize the new inductees with the strategy, operations and functions of our Company, the executive directors / senior managerial personnel make presentations to the inductees about the Company's strategy, operations, product and service offerings, markets, software delivery, organization structure, finance, human resources, technology, quality, facilities and risk management.

The Company has organized the following workshops for the benefit of Directors and Independent Directors:

- (a) a program on how to review, verify and study the financial reports;
- (b) a program on Corporate Governance;
- (c) provisions under the Companies Act, 2013; and
- (d) SEBI Insider Trading Regulation, 2015.

Further, at the time of appointment of an independent director, the Company issues a formal letter of appointment outlining his/her role, functions, duties and responsibilities as a director.

#### **Committees of the Board**

Currently, the Board has four committees: 1. Audit Committee, 2. Nomination and Remuneration Committee, 3. Stake Holders Relationship Committee.

A detailed note on the Board and its committees is provided under the corporate governance report section in this Annual Report.

#### **Declaration by Independent Directors**

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

#### **Independent Directors Declarations**

In the opinion of the Board, the independent directors are, individually, person of integrity and possess relevant expertise and experience.

The Independent Directors under section 149(6) of the Companies Act, 2013 declared that:

1. They are not a promoter of the Company or its holding, subsidiary or associate company;
2. They are not directors in the company, its holding, subsidiary or associate company.
3. The independent Directors have/had no pecuniary relationship with company, its holding, subsidiary or associate company, or their promoters, or





directors, during the two immediately preceding financial years or during the current financial year;

4. None of the relatives of the Independent Directors have or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
5. Independent Director, neither himself nor any of his relatives –
  - holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –
  - a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

#### **Directors' Responsibility Statement As Required Under Section 134(3) (C) Of the Companies Act, 2013**

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis.

GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI).

There are no material departures from prescribed accounting standards in the adoption of these standards. The directors hereby confirm that:

1. In preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed.
2. The directors 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 profit and loss of the Company for that period.



3. The directors have taken proper and sufficient care towards 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.
4. The directors have prepared the annual accounts on a going concern basis.
5. The directors have laid down internal financial controls, which are adequate and are operating effectively.
6. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### Auditors

M/s. AKPS & Co, (Firm Reg. No 009710C), Chartered Accountants, Indore, Chartered Accountants, retire at the end of this AGM and, being eligible, offer themselves for re-appointment. The Board has recommended their re-appointment.

### Auditor's Report

**The Auditors' Report contains some qualification which are mentioned as below:**

- i) Refer Note No. 24 regarding the preparation of accounts on the assumption of going concern even though no manufacturing operation and business activities have been carried out during the financial year keeping in view of the managements' effort to revive the Company.
- ii) Refer Note No. 25 regarding non confirmation of balances of long term and Short term borrowings and other current liabilities. The effect of above on the losses of the current year and on long term and Short term borrowings and other current liabilities is presently unascertainable.
- iii) Refer Note No. 26 regarding non provision of interest on long term borrowings from a bank as the Company is hopeful that the liability as represented in its books would be sufficient to cover such OTS and interest liability, the effect of above on the losses of the current year and the long term borrowings is presently unascertainable,
- iv) Refer Note No 32 regarding non-compliance by the Company with Section 177 and Section 203 of the Act in respect of constitution and conduct of various Committees and their meetings and employment of a full-time Company Secretary on its rolls respectively.

### Management Clarification on the Auditors Qualification:

Management of the Company taken on record the Observations & Qualifications given by Statutory Auditors on Financial Statements as on 31st March, 2018 and clarification of the Board and Management is as follows:

In our opinion and to the best of our information and according to the explanations given to us except for the effect of the matter described in Basis of Qualified Opinion, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles general accepted in India, of the state of affairs of the Company as at 31 March 2018 and its profit and its cash flows for the year ended on that date.