

29th Annual Report 2013-14



Quality & Commitment



A Subsidiary of Bombay Rayon Fashions Limited

Manufacturers of quality Yarn & 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. A. Arumugham
Director

Chief Financial Officer

Mr. S. D. Naik

Company Secretary

Mr. Deepesh Kumar Nayak

Secretarial Auditor

Rao Saklecha & Co.

Practicing Company Secretary, Indore

Statutory Auditor

V. K. Beswal & Associates, Chartered Accountants, Mumbai

Internal Auditor

Fadnis & Gupte

Chartered Accountants, Indore

Bankers

Axis Bank Limited State Bank of India Indusind Bank Limited

Regd. Office & Works STI India Limited

Rau-Pithampur Link Road,

Tehsil - Mhow,

Dist. Indore - 453 332 (M.P.) India

Ph. No. (0731) 4014400 Fax No.: (0731) 4020011

Email: share3@stitextile.net Website: www.stitextile.net CIN: L27105MP1984PLC002521

Registrar & Share Transfer Agent Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W), Mumbai- 400 078, India

Ph. No.: (022) 25946970, 25963838

Fax No.: (022) 25946969

Email: rnt.helpdesk@linkintime.co.in

Equity Shares Listed at

National Stock Exchange of India Ltd. (NSE) Bombay Stock Exchange Ltd. (BSE)

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NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of the Members of STI India Limited will be held on Monday, the 29th September, 2014, 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.) India to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the audited Profit and Loss Account for the financial year ended on 31st March, 2014 and Balance Sheet as on that date together with the Reports of Independent Auditor and Directors thereon.
- 2. To appoint a Director in place of Dr. R. B. Baheti (DIN: 00008202) who retires by rotation and being eligible, offers himself for reappointment.
- To appoint M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai having Firm Registration No. 101083W as Statutory
 Auditor of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual
 General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

- 4. To re-appoint Mr. Prashant Agrawal (DIN: 00019464) as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
 - "RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) approval of the Company be and is hereby accorded to the re-appointment of Mr. Prashant Agrawal (DIN: 00019464) as Managing Director of the Company for a period of 3 (three) years with effect from 25th November, 2013 to 24th November, 2016 without any remuneration;
 - **FURTHER RESOLVED THAT** the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."
- 5. To appoint Mr. T. N. Anand Reddy (DIN: 00220734) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
 - "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with schedule IV and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. T. N. Anand Reddy (DIN: 00220734) a Non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019.
 - **FURTHER RESOLVED THAT** the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."
- 6. To appoint Mr. A. Arumugham (DIN: 00350163) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
 - "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with schedule IV and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. A. Arumugham (DIN: 00350163) a Non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019.

FURTHER RESOLVED THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To approve borrowing limits of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of earlier resolutions passed under Section 293(1)(d) of the Companies Act, 1956 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves provided that the total outstanding amount so borrowed shall not at any time exceed the limit of Rs. 150.00 Crores;

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required."

To authorize the Board for mortgaging the property of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of earlier resolutions passed under Section 293(1)(a) of the Companies Act, 1956 and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) the consent of the members be and is hereby granted to the Board (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) for creation of mortgage on the property, admeasuring area 285290 Sq. mtr., situated at Plot No. 1, Rau-pithampur Link Road, Teh: Mhow, Dist - Indore - 453 332 (M.P.) on such terms and conditions as the Board may determine to the extent of value of mortgage property for securing the debentures of Rs. 141.00 Crores issued by the Company and subsequently extending the mortgage / charge on the same property for securing the borrowing availed by Bombay Rayon Fashions Limited from Financial Institutions / Bank;

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to finalize, settle and execute such documents / deeds/writings/papers and agreements as may be required and to take all necessary steps and do all necessary things in this regard in order to comply with all the legal and procedural formalities and further to authorize any of its Committee(s) / Director(s) or any Officer(s) of the Company to do all such acts, deeds or things as it may in its absolute discretion deem necessary proper and fit."

To adopt new set of Article of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company;

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Place: Mumbai Date: 30th July, 2014 By Order of the Board of Directors of **STI India Limited**

Company Secretary

Deepesh Kumar Nayak Regd. Off.-Rau-Pithampur Link Road, Tehsil-Mhow, Distt-Indore-453 332

(M.P.) India, Ph: (0731) 4014400, Fax (0731) 4020011,

Email: share3@stitextile.net,

Website: www.stitextile.net, CIN: L27105MP1984PLC002521

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON POLL, TO 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.

Pursuant to the provisions of the Companies Act, 2013 and the underlying rules viz. Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of member(s) not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member.

The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, the 22nd September, 2014 to Monday, the 29th September, 2014 (both days inclusive).

- 2. The relative explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of item nos. 4 to 9 set out in the notice is annexed hereto.
- Information under clause 49 of the Listing Agreement with the Stock Exchange in respect of Directors seeking reappointment at the Annual General Meeting is annexed hereto
- 4. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a Certified True Copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
- Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the hall.
- 6. Members desirous of getting any information about the accounts and operation of the Company are requested to address their queries to the Secretarial Department at the Registered Office well in advance or may email at share3@stitextile.net, 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.
- 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.
- 8. The Ministry of Corporate Affairs ('MCA') has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by companies and has issued Circular No. 17/2011 dated April 21, 2011 and another Circular 188/2011 dated April 29, 2011. This will ensure prompt receipt of communication, avoid loss in postal transit and reduce paper consumption besides entailing other benefits. Hence, Members are requested to provide their email ID to the depositories who are holding their shares in demat form and the members who are holding their shares in physical form may send the duly filled form to our Registrar and Share Transfer Agent Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W) Mumbai-400 078 for sending the document in electronic form.
- 9. Electronic copy of the Annual Report will be sent to the members in future whose email IDs are registered with the Company / Registrar and Share Transfer Agent for communication purposes unless any member requests for a physical copy of the same. Therefore, Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, etc. from the Company electronically. A positive consent letter is attached to the Notice is being sent to the Members for giving consent to receive documents in electronic mode.
- 10. Members may also note that the Notice of the 29th Annual General Meeting and the Annual Report of 2014 will be available on the Company's website www.stitextile.net. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days.
- 11. Members who wish to dematerialize the share or seek any information regarding transfer of shares are requested to contact the Company's Registrar and Share Transfer Agent.
- 12. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company or the Registrar and Share Transfer Agent.
- 13. Members are requested to provide their details / information in the prescribed format as annexed with the annual report, to the Company or Registrar and Share Transfer Agent for updation of their information in the record of the Company and Registrar and Share Transfer Agent.

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VOTING THROUGH ELECTRONIC MEANS

14. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the general meeting. The process and instructions for e-voting are as under:

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "STI India Limited" from the drop down menu and click on "Submit".
- (iv) Now Enter your User ID.
 - (a) For CDSL: 16 digits beneficiary ID,
 - (b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
 - (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form						
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)						
	 Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. 						
	• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.						
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.						
Dividend Bank Detail	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.						
	Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.						

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for **STI India Limited.**
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii)If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

 They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from Sr. No. (i) To Sr. No. (xvii) above to cast vote.
- (B) The voting period begins on 9.00 A. M. on 23rd September, 2014 and will ends on 5.00 P. M. on 25th September, 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an e-mail to helpdesk.evoting@cdslindia.com.
- (D) The voting right of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut off date of Friday, the 22nd August, 2014.
- (E) Mr. Pankaj Saklecha (Membership No. FCS 6292) M/s Rao Saklecha & Co., Practicing Companies Secretaries, Indore has been appointed as the Scrutinizer to scrutinize the evoting process in fair and transparent manner.
- (F) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witness not in employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (G) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.stitextile.net and on the website of CDSL within two (2) days of passing of the resolution at the AGM of the Company and communicated to both the exchanges i.e. NSE & BSE.
- (H) Members who are not casting their vote electronically may cast their vote at the Annual General Meeting.

Place: Mumbai By Order of the Board of Directors of Date: 30th July, 2014 STI India Limited

Regd. Off.-

Rau-Pithampur Link Road, Tehsil-Mhow, Distt-Indore-453 332

(M.P.) India, Ph: (0731) 4014400, Fax (0731) 4020011,

Email: share3@stitextile.net, Website: www.stitextile.net, CIN: L27105MP1984PLC002521 Deepesh Kumar Nayak Company Secretary Explanatory Statements pursuant to Section 102 (1) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

ITEM NO. 2

Brief profile of Dr. R. B. Baheti

Date of Birth	Date of Appointment	Directorship held in other Companies	No. of shares held in Company
02.01.1946	07.08.1984	04 (Four)	42

Dr. R.B. Baheti, Director and Chairman of the Company, is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Dr. R. B. Baheti, Director & Chairman of the Company is a top level Corporate Executive. Dr. Baheti born in 1946, is M. Com, Ph. D in Economics (Gold Medalist) having rich experience around four decades in running business of Cotton Yarn & Textile, Copper Coated Automotive Components, Precision Steel Tubes & Granite etc. and dealing in Textile is his family Business.

Dr. R. B. Baheti is a well-known and reputed industrialist of Central India. He has been associated with many educational and social organizations. He is recognized and respected as an experienced industrialist in the industry circle in domestic as well as international market.

Dr. R. B. Baheti has attained the age of 68 years, he has been providing his expert advice and guidance to the Company since date of incorporation and has considerable experience in the field and knowledge about the business and affairs of the Company. In guidance and association of Dr. R. B. Baheti, the Company achieved several milestones. As a member of the Board, Dr. R.B. Baheti is expected to add immense value for the long-term growth of the Company.

Dr. R.B. Baheti was Chairman and Managing Director of the Company up to 31st October, 2010. Dr. R. B. Baheti has expressed his willingness to relinquish the office of the Managing Director and on expiry of the term indicated his willingness to continue as Non Executive Chairman of the Board w.e.f. 1st November, 2010.

He was also associated with Prestigious Educational Institutions viz. Indian Institute of Management, Indore, Indian Institute of Management, Lucknow and Ahmedabad.

The Board recommends the resolution in relation to reappointment of Dr. R. B. Baheti as Director, for the approval by the shareholders of the Company.

None of the Director, Key Managerial Personnel of the Company and their relatives, other than Dr. R. B. Baheti for his respective appointment, are concerned or interested, financially or otherwise, in this resolution. The Board recommends the Ordinary Resolution as set out at item no. 2 for approval of the Members.

ITEM NO. 4

Mr. Prashant Agrawal was appointed as Managing Director of the Company by members in their 25th Annual General Meeting held on 24th December, 2010, for a period of 03 years with effect from 25th November, 2010 to 24th November, 2013, without remuneration, pursuant to the provisions of Section 198, 269, 309, 316 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act.

As per the terms of appointment, the tenure of office of Mr. Prashant Agrawal as Managing Director was expiring on 24th November, 2013. Therefore, subject to the confirmation of members in the ensuing annual general meeting, the Board of Director, at its meeting held on 30th October, 2013 reappointed Mr. Prashant Agrawal as Managing Director of the Company for further period of three years w.e.f. 25th November, 2013 to 24th November, 2016, without remuneration.

A brief profile of Mr. Prashant Agrawal is given below:

Date of Birth Date of Appointment		Directorship held in other Companies		
26.01.1974	25.11.2010	19 (Nineteenth)	NIL	

Mr. Prashant Agrawal aged 40 years holds Degree in Chemical Engineering from Institute of Chemical Technology, Bombay and MS in Chemical Engineering and Petroleum Refining, USA, has over 18 years of rich experience in the textile industry. He is also a Promoter Director designated as Managing Director of Bombay Rayon Fashions Limited (BRFL) having extensive knowledge and good command through his global vision contributed for new business opportunities and converting them into remunerative projects, consolidation of the business activities by way of acquisitions/mergers and setting up of subsidiaries.

Mr. Prashant Agrawal is not disqualified from being appointed as a managing director in terms of Section 164 and other applicable provisions of the Companies Act, 2013 and rule made thereunder.

None of the Director, Key Managerial Personnel of the Company and their relatives, other than Mr. Prashant Agrawal, Mr. Aman Agrawal & Mr. A. R. Mundra, are concerned or interested, financially or otherwise, in this resolution. The Board recommends the Ordinary Resolution as set out at item no. 4 for approval of the Members.

ITEM NO. 5 & 6

As per Sections 149 and 152 read with Schedule IV of the Companies Act, 2013 that have come into effect from 1st April, 2014 and subsequent notification issued by the Ministry of Corporate Affairs vide its General circular no.14/2014 dated 9th June 2014, the Company is required to appoint its Independent Directors, including its existing Independent Directors on or before 31st March, 2015. Further, pursuant to the above provisions, the term of such Independent Directors

is not liable to retire by rotation.

Accordingly, it is proposed to appoint existing Non-executive Independent Directors Mr. T. N. Anand Reddy and Mr. A. Arumugham as Independent Directors of the Company in accordance with Section 149 of the Companies Act, 2013, not liable to retire by rotation and to hold office for 5 (five) consecutives year for a term up to 31st March, 2019.

The Company has received from each of Mr. T. N. Anand Reddy and Mr. A. Arumugham (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that they are not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) declaration that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The Company has received notice in writing from Member under Section 160 of the Act along with the deposit of requisite amount of Rs. 1 Lac, proposing the candidatures of each of the above Directors for the office of Independent Directors of the Company.

In the opinion of the Board, Mr. T. N. Anand Reddy and Mr. A. Arumugham fulfill the conditions for their appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Agreement and are independent of the management.

A copy of the draft letters of appointment setting out the terms and conditions of appointment of Mr. T. N. Anand Reddy and Mr. A. Arumugham is available for inspection, without any fee, by the members at the Company's registered office during normal hours on working days up to the date of the AGM.

The Board considers that continued association of Mr. T. N. Anand Reddy and Mr. A. Arumugham would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. T. N. Anand Reddy and Mr. A. Arumugham as an Independent Directors. Accordingly, the Board recommends the ordinary resolutions set forth in the Item Nos. 5 & 6 of the Notice for approval of the members.

Mr. T. N. Anand Reddy and Mr. A. Arumugham are interested in the resolutions set out respectively at Item Nos. 5 & 6 of the Notice with regard to their respective appointments.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

A brief profile of Mr. T. N. Anand Reddy and Mr. A. Arumugham seeking re-appointment as Independent Director at the ensuing Annual General Meeting is appended below:



Mr. T. N. Anand Reddy

Date of Birth	Date of	Directorship held	No. of shares held
	Appointment	in other Companies	in Company
24.12.1955	30.06.2008	1 (one)	NIL

Mr. T. N. Anand Reddy is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in the year 2008. Mr. T. N. Anand Reddy is the Chairman of the Stakeholders Relationship Committee and a Member of the Audit and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. T.N. Anand Reddy is an experienced Textile Technocrat with B. Tech Degree in Chemical Engineering from I.I.T. Chennai in 1978 & Diploma. Ing Process & Combustion Technology, Technische University W.Berlin. 1983

Mr.A. Arumugham

Date of Birth	Date of	Directorship held	No. of shares held
	Appointment	in other Companies	in Company
26.10.1942	09.02.2011	15 (Fifteen)	NIL

Mr. A. Arumugham is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in the year 2011. Mr. A. Arumugham is the Chairman of the Audit Committee and a Member of Stakeholders Relationship Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. A. Arumugham aged 72 years holds a degree in commerce and qualified as a member of the Institute of Chartered Accountants of India in 1967 and has 44 years of standing in the profession and has vast experience in the industrial field. He completed his articleship with M/s. Brahmahayya and Company, a leading firm of Chartered Accountants in south India, and after qualifying as a Chartered Accountant, worked with the firm for a year. He then joined the Government of Mysore, Steel Plant at Bhadravati, Karnataka, as the first chartered accountant of the company. He is the senior partner of M/s. ARU & DEV, an established accountancy firm of Chartered Accountants with over 37 years of standing.

ITEM NO.7 & 8

At the Extra-ordinary General Meeting of the Company held on 23rd March, 2007 the Members had given their consent to the Board under Sections 293(1)(a) and (d) of the Companies Act, 1956 by way of Ordinary Resolutions, for exercising the power to borrow monies and to create charge / mortgage on the properties of the Company.

Under Section 180 of the Companies Act, 2013 the above powers of the Board are now required to be exercised only with the consent of the company by way of Special Resolution.

The approval of the Members for the said borrowings and creation of a mortgage or charge is therefore now being sought, by way of a Special Resolutions, pursuant to Section 180(1)(c) and 180(1)(a) of the Act respectively.

The Directors recommend the Resolutions at Item Nos. 7 and 8 of the accompanying Notice for the approval of the Members of the Company.

Mr. Prashant Agrawal, Mr. Aman Agrawal & Mr. A. R. Mundra, Directors of the Company are interested in the resolutions set forth in Item No. 7 and 8 of the Notice.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

ITEM NO.9

The existing Article of Association (AOA) are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some of the regulations in existing AOA are no longer in conformity with the Act in view of the recent notification of the Companies Act 2013 and rules made there under. Hence it is considered expedient to replace the existing Article by adoption of new set of Article.

As per the provisions of Section 14 of the Companies Act, 2013, alteration in Articles of Association of the Company will require to be approved by the shareholders of the Company by way of Special Resolution and hence placed for seeking approval of shareholders.

Copy of existing and new Articles of Association of the Company will be available for inspection by members during 11.00 a.m to 2.00 p.m. at the Registered Office of the Company from 21st September, 2014 to the date of Annual General Meeting.

Your Board recommends this resolution to seek your approval for amendment and adoption of new set of Articles of Association.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolution at Item No. 9.

Place: Mumbai By Order of the Board of Directors of Date: 30th July, 2014 STI India Limited

Rau-Pithampur Link Road, Tehsil-Mhow, Distt- Indore-453 332 (M.P.) India, Ph: (0731) 4014400, Fax (0731) 4020011,

Email: share3@stitextile.net, Website: www.stitextile.net, CIN: L27105MP1984PLC002521

Regd. Off.-

Deepesh Kumar Nayak Company Secretary

DIRECTORS' REPORT

To,

The Members,

The Directors have pleasure in presenting 29th Annual Report of the Company along with the Audited Annual Accounts for the financial year ended 31st March, 2014.

FINANCIAL RESULTS

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

(`in Lacs)

		(III Lacs)
PARTICULARS	For the Year Ended 31.03.2014	Year Ended
Sales / Revenue from Operations	5572.80	4865.95
Profit before Interest, Depreciation & Tax	189.32	45.10
Less: Interest	0.90	0.57
Profit before Depreciation & Tax	188.42	44.53
Less: Depreciation	1238.46	1238.24
Profit/(Loss) before Tax	(1050.04)	(1193.71)
Less - Provision for Taxes (including Deferred	(383.27)	(261.00)
Profit/(Loss) After Tax	(666.77)	(932.71)
Paid Up Share Capital	2900.00	2900.00
Reserve and Surplus	(4725.69)	(4058.92)
Adjusted Net Worth of the Company	(1825.69)	(1158.92)
EPS(In`)		
- Basic & Diluted	(2.30)	(3.22)

OPERATIONS

During the financial year under review -

- the turnover of your company stood at `5572.80 Lacs as against `4865.95 Lacs in financial year ended on 31st March, 2014 registering an increase by 14.53%.
- PBIDT increased to `189.32 Lacs from `45.10 Lacs in the previous year.
- Interest cost increased to ` 0.90 Lacs from ` 0.57 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.

THE COMPANIES ACT, 2013

The Ministry of Corporate Affairs (MCA) vide its General Circular No. 08/2014 dated 04th April, 2014 has clarified that the financial statements and documents annexed thereto, auditor's report and board's report in respect of financial year that have commenced earlier than 01st April, 2014 shall be governed by the provisions of the Companies Act, 1956 and in line with the same, the Company's financial statements, auditors report, and Board's Report and attachments thereto have been prepared in accordance with the provisions of the Companies Act, 1956. With respect to other provisions of the Act, appropriate references have been made in this report to the extent these provisions have become applicable effective 01st April, 2014.

BOARD OF DIRECTORS

Dr. R. B. Baheti, Director of the Company retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. His re-appointment as Director liable to retire by rotation is submitted to the shareholders for their approval in the ensuing Annual General Meeting.

The tenure of office of Mr. Prashant Agrawal as Managing Director was expiring on 24th November, 2013. Therefore, subject to the approval of members in the ensuing Annual General Meeting, the Board of Directors, at its meeting held on 30th October, 2013 reappointed him as Managing Director of the Company for further period of three years w.e.f. 25th November, 2013 to 24th November, 2016, without remuneration. A draft resolution along with explanatory statements as per Section 102(1) of the Companies Act, 2013 is annexed with the notice.

The Board of Directors at its meeting held on 30th October, 2013 reappointed Dr. R.B. Baheti as Non-executive Chairman of the Company, for a period of 1 year w.e.f. 01st November, 2013 to 31st October, 2014 on the same terms and conditions of the earlier appointment.

In terms of Section 149 and 152 of the Companies Act, 2013 read with Schedule IV and rules made thereunder and Clause 49 of the Listing Agreement (effective from 01st October, 2014) your Directors are seeking appointment of Mr. T. N. Anand Reddy and Mr. A. Arumugham as Independent Directors of the Company for a term of five consecutive years and not liable to retire by rotation. The Directors have given declarations to the effect that they meet the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

The Company has received Notice under Section 160 of the Companies Act, 2013 from member proposing the appointment of Mr. T. N. Anand Reddy and Mr. A. Arumugham as an Independent Directors of the Company together with requisite deposit.

Pursuant to the provisions of Section 203(1) of the Companies Act, 2013 read with Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014, the Board of Directors of the Company has re-designated Mr. Prashant Agrawal, Managing Director, Mr. S. D. Naik, Chief Financial Officer and Mr. Deepesh Kumar Nayak, Company Secretary as Key Managerial Personnel of the Company.

PERFORMANCE OF JOINT VENTURE COMPANY: STI SANOH INDIA LIMITED

STI Sanoh India Ltd manufactures double walled copper brazed steel tubes, single wall steel tubes and tubular components. In the domestic automobile market STI Sanoh India supplies to OEMs such as Maruti Udyog, Honda, Tata Motors, Bajaj Auto, Force Motors, Ashok Leyland, Hindustan Motors, Premier Auto, Toyota, Kirloskar Motors and Godrej-GE, Voltas, Videocon, BPL-Sanyo, Carrier Aircon, Electrolux in the air-conditioning and refrigeration industries. At the international level it exports to South East Asian countries and the Gulf region.

The Company's Gross Revenue for financial year 2013-14 stood at `106.51 Crore (Previous Year: `104.96 Crore). In spite of challenging business environment in the Automobile and



Refrigeration sector, the Company has performed better compared to the previous year and we expect that the performance of the Company to be better in the current year.

AUDITORS

Statutory Auditor

M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai 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. M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai have provided necessary certificate under section 139 (1) read with section 141 of the Companies Act, 2013.

Cost Auditor

As per requirement of the Central Government and pursuant to the provisions of Section 233B of the Companies Act, 1956, the audit of the cost accounts relating to the Product "Textiles" was required to be carried out every year. The Company has appointed Cost Auditor M/s R. J. Goel & Co., Cost Accountants, New Delhi, having Firm Registration No. 000026 to audit the cost accounts for the financial year 2013-2014 i.e. from 01st April, 2013 to 31st March, 2014, pursuant to approval of Central Government dated 26.07.2013.

The Cost Audit report for the year ended 31st March 2014 would be submitted to the Central Government within the prescribed timeframe.

Pursuant to Cost Audit Report Rule, due date for filling of Cost Audit Report for the year ended March 31, 2013 was September 27, 2013, which was submitted to the Central Government on 18th September, 2013.

Secretarial Auditor

As per requirements of Section 204(1) of the Companies Act, 2013, the Board of Directors of the Company appointed M/s Rao Saklecha & Co., Practicing Company Secretary, Indore to conduct Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate governance practice by the Company.

AUDITORS' REPORT

There are no specific observations in the Auditors' Report requiring specific 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.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- In the preparation of the Annual Accounts for 2013-14, the applicable accounting standards have been followed with proper explanations relating to material departures;
- 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 profit/loss of the Company for the financial year;
- 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;
- They have prepared the annual accounts on a going concern basis.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AND EMPLOYEES

Information as per Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo and Information under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure I & II forming parts of this report.

INDUSTRIAL RELATIONS AND CORPORATE GOVERNANCE

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

Your Directors are also committed to good corporate governance as a policy. A detailed report on Corporate Governance is given in the annexure which form part of this report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on corporate governance.

WHISTLE BLOWER POLICY

In compliance of the requirements of Section 177 of the Companies Act, 2013 and as a measure of good Corporate Governance practice, the Board has formulated a Whistle Blower Policy. The policy comprehensively provides an opportunity for any employee / director of the Company to raise any issue concerning breaches of law, accounting policies or any act resulting in financial or reputation loss and misuse of office or suspected or actual fraud. The policy shall provide for adequate safeguard against victimization of employees and directors who avail of vigil mechanism and also provide for direct access to the Audit Committee.

APPRECIATIONS AND ACKNOWLEDGMENTS

Your Directors would like to acknowledge the excellent support given by Bombay Rayon Fashions Limited, the Holding Company of your company, in providing the financial assistance and excellent management support and guidance at all levels of business. This has enabled the Company to run its business smoothly and effectively for the accomplishment of its objectives.

The board also places on record its deep appreciation to the financial institutions, banks, business partners, employees, central and state government authorities, stock exchanges, clients and shareholders for their support and co-operation during the year.

For and on behalf of the Board of Directors of

STI India Limited

Place: Mumbai **Dr. R.B. Baheti** Date: 30th July, 2014 Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

1. CONSERVATION OF ENERGY

- For conservation of Energy the Company has taken the following measures given here under along with benefits derived thereto:
 - Replacement of existing fluorescent type tube lights by energy efficient Wipro make LED tube lights. During the year total 325 tube lamps are replaced, the installation charges for the same are `4,40,000 and energy saving by this installation is 51,000 units per annum @ `5.40 per unit amounting to `2,75,400/per annum.
 - 2. Replacement by two sets of Energy Efficient Motors of Ring frame machines: Total installation charges are `2,66,000/-. By this installation and at 75% average working load the estimated energy saving is `1,90,000 per annum.
 - 3. We have added 1008 spindles Ring Frame (LAKSHMI) with auto doffer which is giving 10% higher productivity. By this the nos of spindles have increased by 1.48% and indirect saving of humidification & lighting energy.
- II. For reduction of consumption of energy, the Company has been reviewing various additional investment proposals from time to time mainly by way of replacement of existing equipments with modern and new energy efficient equipments.
- III. The consequentional impacts of the measures taken at (I) & (II) above are as per Form A which is given hereunder:

FORM-A

Particular	For the year ended 31st March, 2014	For the year ended 31st March, 2013
A. Power and fuel Consumption		
(I) Electricity:		
(a) Purchase		
Units (in Lacs)	379.51	404.41
Rate/unit(in`)	5.68	5.33
Total amount (in Lacs)	2156.44	2157.25
(b) Own generation (through D G Set)		
Unit	0.03	0.03
Diesel Consumed (in Lacs Ltr.)	0.02	0.02
Cost/unit(in`)	46.42	62.69
Total amount (in `Lacs)	1.50	1.94
(II) Consumption per unit production		
Production (in Kgs)	10057429	11075968
Electricity (in `Per Kg.)	3.77	3.65

Future Planning for Energy conservation (2014-15)

- (i) Replacement by LED Tube Lights in Department.
- (ii) Replacement of Rings (Indigenous) with imported Rings for 4% power saving on 10 Ring Frames.
- (iii) Replacement of old spindles with new imported spindles expecting to increased power saving and productivity by 2 to 3%.

2. TECHNOLOGYABSORPTION:

The disclosures related to Technology Absorption are given hereunder as per Form B:

FORM-B

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas where the R & D is undertaken:

- 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 / OCS);
- e) Checking regular replacement items, e.g. cots, aprons, ball & needle bearings, waxes and packing materials etc.
- f) Development of various samples of Slub yarn, Lycra Core yarn, Licot yarn, Viscose yarn, Excell yarn, Modal yarn & fabrics and making of Brochure / Album for marketing of these value added items.

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.
- d) The brochures add up to our capability to produce various value added products in our factory and their marketability in domestic as well as foreign markets.

3. Future Action Plan (2014-2015)

- a) To further improve the quality level and maintain it;
- To facilitate manufacturing sustainable products (Organic Cotton Yarn & Fabric) and other value added products;
- c) Introduction of value added samples of injected Slub and texturised filament / texturised core yarn with
- d) Addition of 12 new LRQAX Ring Frames along with required preparatory machines is under way which will be worked at 10% high speed with the same electricity consumption.

4. Expenditure on R & D (2013-2014)

Specific expenditure of recurring or capital nature is not involved.



TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

(a) Efforts, in brief, made towards technology absorption, adaption and innovation.

The Company's In-house R&D division continuously engaged in developing, improvements in process technology in its various manufacturing sections and also hire external agency in domestic / overseas level when it find suitable.

(b) Benefits derived as a result of the above efforts, e. g. product improvement, cost reduction, product development, import substitution etc.

The continuous upgradation and adoption of new technology has benefited the Company in the form of better production process, better yields, better quality of the product and cost reduction.

(c) In case of imported technology (imported during the last 5 years reckoned from beginning of the financial year), following information may be furnished:

a)	Technology imported	Slub Devices, Amsler Tex, Switzerland Auto winding, ACX - 5, Germany
b)	Years of Import	2011-12/2012-13
c)	Has technology been fully absorbed?	Yes
	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of actions	NA

Spare parts development:

- 01. Cots buffing machine: original cots sensor has been outdated, therefore it has replaced by new type.
- 02. Vulcanizing machine: original ultra violet tube Philips makes has been outdated, therefore it has been replaced by same rating and specifications Theimer make.

We have also developed indigenous suppliers for following spares of Suessen Ring Frame and Crosrol Cards:

- a. Fan impeller of Ring frame
- b. Disc and clutch assembly of gear box of carding chute feed system

Action Plan for 2014-2015:

- a) We have dedicated one complete line for manufacturing "Viscose Yarn" in the unit throughout the year, will give high value addition and a quality bench mark in the Industry.
- We are planning to utilize the 100% knitting machines for further value addition.
- c) Planning to introduce twelve new Ring Frames with auto doffer (LR9AX) model in the year 2014-15, orders have already been placed.
- d) Developed a new shed for accommodating 10 Nos. flat Knitting Machines to meet the requirement of collar & calf knitting.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars	Financial Year 2013-2014 (`in Lacs)	Financial Year 2012-2013 (`in Lacs)
Foreign Exchange earnings:		
- FOB value of goods exported	156.42	-
C.I.F. Value of Imports:-		
Stores, Spares & HSD	25.59	74.46
- Capital Goods	-	88.34
Foreign Exchange Expenditures	:	
- Commission on Export Sales	-	-
- Foreign Traveling	1.21	2.23

ANNEXURE II TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Name	Age (Yrs)	Designation	Qualification	Experience (Yrs.)	Remuneration Received (in Lacs)	Date of Appointment	Last Designation
Dr. R. B. Baheti	68	Non-executive Chairman	M. Com & Phd. In Economics (Gold Medalist)	40	112.36	30.10.2014	Managing Director and Chairman

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

Dr. R.B. Baheti Chairman

Place: Mumbai Date: 30th July, 2014

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes in adopting and adhering to the best corporate practices and continuously evaluates it against each of such practices. The Company understands and respects its fiduciary role and responsibility to all stakeholders and strives hard to meet their expectations. We believe that the corporate governance is an important tool for shareholders protection and maximizing their longterm values.

The fundamental objective of Company's Corporate Governance is to adopt a methodology, which enhances effectiveness, better utilization of resources, transparency and harmonious relations between various interest groups. The Company has been regular in sending its quarterly compliance report on Corporate Governance to Stock Exchanges. The revamped Clause 49 of the Listing Agreement, to be effective from 1st October, 2014, strengthens the reporting requirements further.

The Corporate Governance Report in respect of the year ended 31st March, 2014 is given below:

1. Board of Directors

Procedure of Board Meeting

The Board Meetings are generally scheduled well in advance and are governed by a structured agenda. The notice of each board meeting is given in writing to each Director within the prescribed time period. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. The Board papers, comprising the agenda are circulated well in advance before the meeting of the Board.

The gap between the two meetings is not in excess of 120 days. Additional Meetings are held, whenever considered necessary. The draft minutes containing the proceedings of the Meeting of the Board, after incorporating the comments, if any, of the Directors are confirmed by the Board Members at their next Meeting and signed by the Chairman of the meeting thereafter. Senior Management Personnel are called to provide additional inputs for the items being discussed by the Board of Directors whenever necessary.

All statutory, significant and other material

information as specified in the Clause 49 of the Listing Agreement executed with the Stock Exchanges is regularly made available to the Board. The Board also reviews periodically the compliances of all laws applicable to the Company.

Board's role, functions, responsibilities and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, compliance with statutory regulatory requirements, major accounting provisions etc. are considered by the Board.

Composition and size of the Board:

The Board has strength of 7 Directors as on 31st March, 2014, out of which six are Non-Executive Directors and one is Executive Director. None of the Directors of the Company is a member of more than 10 committees or Chairman of more than 5 committees (as specified in Clause 49 of the Listing Agreement). The Chairman of the Board is Non Executive Director. All the Directors have made necessary disclosures regarding positions occupied by them in other companies. The Board is primarily responsible for the overall management of the Company's business. The composition of the Board as on 31st March, 2014 is as under:

Name of the Directors	Category	No. of other Directorship	Board Committee(s) Memberships of other Companies	
			Chairman	Member
Dr. R.B. Baheti	Non Executive, Chairman	1	-	-
Mr. Aman Agrawal	Non Executive	5	-	-
Mr. Prashant Agrawal	Executive	6	-	-
Mr. A. R. Mundra	Non Executive	2	-	-
Mr. K.N. Garg	Non Executive	3	2	4
Mr. A. Arumugham	Non Executive	2	1	2
Mr. T. N. Anand Reddy	Non Executive	=	-	-

Note: Private & Foreign Companies Directorship are excluded.

No Director is related to any other Director except Mr. Aman Agrawal & Mr. Prashant Agrawal who are brothers.

Chief Financial Officer (CFO)

The Company has appointed Mr. S. D. Naik as Chief Financial Officer (CFO) of the Company.



Number of Board Meetings held and attended by Directors

During the year 2013-14, Four Board Meetings were held on:

- (i) 10th May, 2013,
- (ii) 31st July, 2013,
- (iii) 30th October, 2013 &
- (iv) 06th February, 2014

The number of Board Meeting attended by the Directors is as under:

Name of the Directors	No. of Board Meeting	Last AGM
	attended	Attended
Dr. R.B. Baheti	4	Yes
Mr. Aman Agrawal	1	No
Mr. Prashant Agrawal	1	No
Mr. A. R. Mundra	4	No
Mr. K.N. Garg	4	Yes
Mr. A. Arumugham	1	No
Mr. T. N. Anand Reddy	3	No

Sitting Fees

Details of the Sitting fees paid to Directors during the year 2013-14 are as under:

Name of the Directors	Sitting Fees Paid (`)	
Dr. R.B. Baheti	NIL	
Mr. Aman Agrawal	5,500/-	
Mr. Prashant Agrawal	NIL	
Mr. A. R. Mundra	22,000/-	
Mr. K.N. Garg	22,000/-	
Mr. A. Arumugham	5,500/-	
Mr. T. N. Anand Reddy	16,500/-	

Code of Conduct for Board Members and Senior Management:

In terms of para 1(D) of clause 49 of Corporate Governance, the Board of Directors has laid a Code of Conduct for all the Board Members and senior management of the Company. The code of conduct is also posted on the website of the Company.

2. Board Committees

For effective and efficient functioning of the Company the Board has formed the following committees:

- (i) Audit Committee,
- (ii) Remuneration Committee (Nomenclature changed to Nomination and Remuneration Committee), and
- (iii) Shareholders / Investors Grievances Committee

(Nomenclature changed to Stakeholders Relationship Committee)

The terms of Reference and other details of Board Committees are given as under:

AUDIT COMMITTEE

Constitution of Committee

The Audit Committee of the Company was constituted in accordance with the provisions of Section 292A of the Companies Act, 1956, and in terms with Clause 49 of the Listing Agreement with Stock Exchanges. The Committee's composition also meets requirements of Section 177 of the new Companies Act, 2013 and amended Clause 49 of the Listing Agreement. The Audit Committee comprises two Independent and one Non-executive Director. All the members of the Committee possess financial/accounting expertise/exposure.

Composition of Committee and Number of Meetings attended by Members

During the year 2013-14, four Audit Committee Meetings were held on:

- (i) 10th May, 2013,
- (ii) 31st July, 2013,
- (iii) 30th October, 2013 &
- (iv) 06th February, 2014

The composition of Audit Committee and number of meetings attended by members is as under:

Name of the	Designation	No. of	No. of
Members		Meetings	Meetings
		held	attended
Mr. A. Arumugham	Chairman	4	1
Mr. T. N. Anand Reddy	Member	4	3
Mr. K. N. Garg	Member	4	4

Attendances

The Audit Committee invites Senior Executives, Statutory Auditors & Internal Auditors, whenever it considers appropriate, to be present at its meetings. Mr. Deepesh Kumar Nayak, Company Secretary of the Company acts as the Secretary of the Committee.

Sitting Fees

No Sitting Fees was paid to the Members for attending the Committee Meeting.

Role of the Audit Committee inter alia, includes the following:

• Oversee the Company's financial reporting process

and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of statutory auditors, including cost auditors, and fixation of audit fees and other terms of appointment;
- Approving payment to statutory auditors, including cost auditors for any other services rendered by them;
- Reviewing with the management, annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by the Management;
 - Significant adjustments made in financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of related party transactions;
 - Qualifications in draft audit report;
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditors independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever necessary;
- Evaluation of internal financial controls and risk management systems;

- Reviewing with the management, the performance of statutory auditors, including cost auditors and internal auditors, adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- Discussion with internal auditors, any significant finding and follow-up thereon;
- Reviewing the finding of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board:
- Discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern:
- To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of the CFO (i.e. the wholetime Finance Director or any other person heading the finance function or discharging that function after assessing qualifications, experience and background of the candidate;
- Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/or other Committees of Directors;
- Reviewing the following information:
 - The Management Discussion and Analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of internal auditors / chief internal Auditor.
- To call for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and to

discuss any related issue with the internal and statutory auditors and the management of the Company.

Powers of the Audit Committee

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice;
- To secure attendance of outsiders with relevant expertise, if necessary.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

Constitution of Committee

The NRC (earlier known as Remuneration Committee) of the Company was constituted in terms of Clause 49 of the Listing Agreement with Stock Exchanges. The nomenclature of the Committee has changed from Remuneration Committee to Nomination and Remuneration Committee as per requirements of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement. The Committee's composition also meets requirements of Section 178 of the new Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

Composition of Committee

The NRC comprises two Independent and one Non-executive Director.

Name of the Members	Designation
Mr. A. Arumugham	Chairman
Mr. T. N. Anand Reddy	Member
Mr. K. N. Garg	Member

Meeting Details

During the year, One Remuneration Committee Meeting was held on 30th October, 2013, at which Mr. T. N. Anand Reddy and Mr. K. N. Garg were present.

The details relating to appointment and remuneration of Directors, as required under the Clause 49 of the Listing Agreement, have been given under a separate section, viz. 'Directors' Appointment & Remuneration' in this report.

Sitting Fees

No Sitting Fees was paid to the Members for attending the Committee Meeting.

Terms of Reference of the Committee, inter alia, includes the following

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal:
- To carry out evaluation of every Director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees;
- To formulate the criteria for evaluation of Independent Directors and the Board;
- To devise a policy on Board diversity;
- To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria

STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

Constitution of Committee

The SRC (earlier known as Shareholders / Investors Grievances Committee) of the Company was constituted in terms of Clause 49 of the Listing Agreement with Stock Exchanges. The nomenclature of the Committee has changed from Shareholders / Investors Grievances Committee to Stakeholders Relationship Committee as per requirements of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement. The Committee's composition also meets requirements of Section 178 of the new Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

Composition of Committee

The SRC comprises two Independent and one Non-executive Director.

Name of the Members	Designation
Mr. T. N. Anand Reddy	Chairman
Mr. A. Arumugham	Member
Mr. K. N. Garg	Member

Meeting Details

During the year 2013-14, four SR Committee Meetings were held on:

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STI India Limited

- (i) 10th May, 2013,
- (ii) 31st July, 2013
- (iii) 30th October, 2013 &
- (iv) 06th February, 2014

Number of meetings attended by members is as under:

Name of the Members	Designation	No. of Meetings	No. of Meetings attended
		held	attended
Mr. T. N. Anand Re	eddy Chairman	4	3
Mr. A. Arumugham	Member	4	1
Mr. K. N. Garg	Member	4	4

Terms of Reference

The SRC looks into member's services like transfer/transmission of shares, Dematerialization / Rematerialization requests and various investors' complaints like - non-receipt of refund, declared dividends, etc. and takes necessary steps for redressal thereof.

The transactions in the shares and the complaints from the investors, are handled by the Registrar & Share Transfer Agent as well as the Share Department of the Company, and are being quarterly reviewed by the SRC.

The Company has appointed M/s Link Intime India Pvt. Ltd., a SEBI Registered independent agency, as Registrar & Share Transfer Agent for handling Demat as well as Physical Share Transfer and registry work of the Company.

Details of Transactions in shares and Investors Grievances

As informed by the Registrar and Share Transfer Agent, during the financial year 2013-14 seven dates for approval of Transfer / Transmission of Physical Shares were recorded. The details of these transactions were also taken on record in the Meetings of SRC. More details on the transfer of shares approved during the year are as under. The figures in the brackets are for the previous year.

Dates Recorded	No. of Cases Considered	No. of shares Transferred
7(10)	9(67)	950 (19,741)

During the year, there were few requests from shareholders for routine corporate actions viz., Change of Address/supply of copy of Annual Report/ Splitting/ Consolidation/ Dematerialization and Dematerialization of Shares etc. All requests were attended

promptly and no complaint was pending as at the end of the year.

According to new guidelines of SEBI, the Transfer of Demated Shares is not subjected to approval of any committee or Board of Directors and physical shares are also handled on time by the Registrar and Share Transfer Agent. However, SRC, on quarterly basis takes note of all the transactions held in shares and Stakeholders Complaints and their Grievances.

Company Secretary & Compliance Officer

Mr. Deepesh Kumar Nayak, Company Secretary and Compliance Officer, is responsible for complying with requirements of Securities Laws and Listing Agreements with the Stock Exchanges.

3. Directors' Appointment and Remuneration

(A) Director retires by rotation

Dr. R. B. Baheti, Director of the Company, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. A brief profile of Dr. R. B. Baheti is given under explanatory statement annexed with the Notice of Annual General Meeting which forms part of the Annual Report.

(B) Appointment of Managing Director

Mr. Prashant Agrawal was appointed as Managing Director of the Company by members in their 25th Annual General Meeting held on 24th December, 2010, for a period of 03 years with effect from 25th November, 2010 to 24th November, 2013, without remuneration, pursuant to the provisions of Section 198, 269, 309, 316 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act.

As per the terms of appointment, the tenure of office of Mr. Prashant Agrawal as Managing Director was expiring on 24th November, 2013. Therefore, subject to the confirmation of members in the ensuing annual general meeting and on review and recommendation of the Nomination and Remuneration Committee, the Board of Director, at its meeting held on 30th October, 2013 re-appointed Mr. Prashant Agrawal as Managing Director of the Company for further period of three years w.e.f. 25th November, 2013 to 24th November, 2016, without remuneration.

(C) Appointment of Independent Directors

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the



Companies Act, 2013 and the amended Clause 49 of the Listing Agreement.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. T. N. Anand Reddy and Mr. A. Arumugham, being eligible, offer themselves for appointment as Independent Directors on the Board of the Company. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint Mr. T. N. Anand Reddy and Mr. A. Arumugham, as Independent Directors on the Board of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019. A brief profile of proposed Independent Directors, including nature of their expertise, is provided under explanatory statement annexed with the notice of Annual General Meeting.

(D) Remuneration to Dr. R. B. Baheti, Chairman

The tenure of office of Dr. R. B. Baheti as Non-executive Chairman has expired on 31st October, 2013, therefore, Board at its meeting held on 30th October, 2013 extended the tenure of office of Dr. R. B. Baheti as Non-executive Chairman for further period of 1 year w.e.f. 01st November, 2013 to 31st October, 2014 on the same terms and conditions of the earlier appointment.

(E) Key Managerial Personnel

As per requirements of sub section (1) of Section 203 of the Companies Act, 2013, the Board of Directors at its meeting held on 30th July, 2014, re-designated the following officials as Key Managerial Personnel (KMP) of the Company:

01. Mr. Prashant Agrawal	(Managing Director)
02. Mr. S. D. Naik	(Chief Financial Officer)

03. Mr. Deepesh Kumar Nayak (Company Secretary)

4. General Meetings

Details of last three Annual General Meetings:

Date	Venue	Time
28th AGM	Regd. Office:	11.00 A. M.
28.09.2013	Rau-Pithampur Link	
	Road, Tehsil: Mhow,	
	District Indore	
	(M.P.) 453 332	
27th AGM	Regd. Office:	11.00 A. M.
31.07.2012	Rau-Pithampur Link	
	Road, Tehsil: Mhow,	
	District Indore	
	(M.P.) 453 332	
26th AGM	Regd. Office:	11.00 A. M.
07.09.2011	Rau-Pithampur Link	
	Road, Tehsil: Mhow,	
	District Indore	
	(M.P.) 453 332	

Details of Special Resolution(s) passed in the previous three Annual General Meetings:

Date of AGM	Particulars of Special Resolution passed thereat
26th AGM	Approval for payment of
07.09.2011	Remuneration to Dr. R.B. Baheti, Non
	Executive Director of the Company of
	Rs. 1 Crore per annum for a period of 3
	year.

5. Disclosures

Related Party (ies) Transactions

The Company has entered into transactions with the related parties that may not have any potential conflict with the interests of the Company. The details of such transactions are forming part of "Notes to Accounts & Accounting Policies" attached to the Annual Accounts of the Company.

Compliances by the Company

During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI on any matter. The Company has fairly complied with the requirements of the Companies Act, Stock Exchanges, SEBI and other Act. The Shares of the Company are traded on the Bombay Stock Exchange Ltd., Mumbai (BSE) and National Sock Exchange of India Ltd., Mumbai (NSE).

Public Deposit

The Company has not accepted any Public Deposit under the Companies Act, 1956 as well as under Companies Act, 2013.

CFO/CEO Certificate and Declaration

The CFO / CEO certification and declaration as stipulated under Clause 49 of the Listing Agreement are annexed.

Compliance Certificate of the Auditor

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 (VIII) of the Listing Agreement and the same is annexed.

Audit Qualification

There are no audit qualifications in the Company's financial statements for the year under review.

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STI India Limited

Compliance Report

The Board periodically reviews the compliance of all applicable laws and gives appropriate directions, wherever necessary.

6. Means of Communication

- Full Annual Report is sent to each Shareholder every year at his or her registered address regularly;
- The Company has been regularly sending quarterly/half-yearly/ annual financial results to the Stock Exchanges immediately after approved by the Board.
- The quarterly results are published regularly in one Hindi and one English Newspaper having circulation in the region where the Registered Office of the Company is situated;
- The quarterly financial results and Annual Report are also sent to Financial Institutions/ Analysts/ Institutional Investors on demand;
- The Management Discussion and Analysis Report forms a part of the Annual Report.

7. General Shareholders Information

Dates of Board Meetings for consideration of Annual Accounts	05th May, 2014 : Consideration and Approval of Balance Sheet, Profit and Loss Accounts, Cash Flow, Notes on Accounts and Policies.
	30th July, 2014: Consideration and Approval of Notice, Directors Reports, Corporate Governance Report, Managements Discussion and Analysis Report etc.
Date, Time and Venue of 29th Annual General Meeting	Date: Monday, the 29th September, 2014 Time: 11.00 A. M.
Wiccumg	Venue: Registered Office of the Company
Last date for receipt of Proxy Form(s)	Saturday, the 27th September, 2014 before 11.00 A. M. at the registered office of the Company.
Financial Calendar	01st April, 2013 to 31st March, 2014
Date of Book Closures	Monday, the 22nd September, 2014 to Monday, the 29th September, 2014 (both days inclusive)
Registered Office and Works	Rau-pithampur Link Road, Tehsil : Mhow, Distt: Indore, PIN -453 332 (M.P.) India.

Listing on Stock Exchanges	(1) National Stock Exchange of India Limited; and (2) Bombay Stock Exchange Limited. The Company has paid Annual Listing fees for financial year 2014-2015 to both the Stock Exchanges.
Stock Code	NSE: STINDIA BSE: 513151
Tentative calendar of Board Meetings for the financial year 2014-15	For the quarter/half year/year ended on: 30th June, 2014, on or by 14th August, 2014. 30th September, 2014 on or by 14th November, 2014. 31st December, 2014 on or by 14th February, 2014. 31st March, 2015 on or by 30th May, 2015.
ISIN	INE 090C01019
Corporate Identification Number (CIN)	L27105MP1984PLC002521

8. Market Price Data

The monthly high and low quotations of shares traded on the BSE Limited and National Stock Exchange of India Limited as follows:

Month	nth Bombay Stock Exchange		National Stock Exchange			
		Ltd. (BSE)		of India Ltd. (NSE)		
	High	Low	No. of	High	Low	No. of
	(`)	(`)	shares	(`)	(`)	shares
			traded			traded
April, 13	18.80	17.90	156	16.00	14.00	346
May, 13	17.05	17.05	206	NIL	NIL	NIL
June, 13	17.00	16.20	121	15.60	14.50	700
July, 13	16.20	12.65	304	NIL	NIL	NIL
August, 13	NIL	NIL	NIL	NIL	NIL	NIL
September, 13	13.22	11.94	460	NIL	NIL	NIL
October, 13	11.35	11.35	95	NIL	NIL	NIL
November, 13	11.00	7.72	1930	14.85	14.85	160
December, 13	7.72	6.31	1771	14.15	13.45	210
January, 14	6.66	5.80	722214	12.80	12.80	25
February, 14	6.30	4.59	374656	12.20	12.20	100
March, 14	6.85	4.59	9854	11.60	11.60	25
	Total		11,11,767			1,566

9. Registrar and Share Transfer Agent

For Shares held in Depository Mode

The Company has engaged the services of Link Intime India Pvt. Ltd., Mumbai, as Registrar & Share Transfer Agent (RTA) for providing national connectivity to deal in



shares in depository mode. Their address for communication is as under:

Link Intime India Private Limited

Registrar and Share Agent Unit: STI India Limited

C-13, Pannalal Silk Mills Compound, L.B.S. Marg,

Bhandup (W), Mumbai- 400 078 Ph. No. : 022-25946970, 25963838,

Fax No.: 022-25946969

E-mail: rnt.helpdesk@linkintime.co.in

For Shares held in Physical Mode

As per SEBI directives with effect from 01st March, 2003, Link Intime India Pvt. Ltd. also handles the transfer of shares in physical mode. All the correspondence with regard to share transfers, change of address, nomination etc. are to be addressed to the Share Transfer Agent i.e. Link Intime India Pvt. Ltd. at their Mumbai address. The Demat request as well as request for transfer/transmission may primarily be sent to the Registrar and Share Transfer Agent as above.

Investors Help-Desk

Requests or complaint in other matters such as Unpaid/Unclaimed Dividend/Debenture Interest/Debenture Redemption, Change of Address, Splitting of Shares or Conversion of Debentures, copy of Annual Report can also be sent to Company's Secretarial Dept., at Rau-Pithampur Link Road, Tehsil Mhow, Dist. Indore -453 332 (M. P.) India, Email: share3@stitextile.net.

Compulsory Dematerialized Trading

As the Shareholders are aware the Securities and Exchange Board of India (SEBI), has included equity shares of the Company for compulsory dematerialized trading for all investors with effect from 24th July, 2000. The Company has already entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable Members of the Company to select the depository of their choice for holding and dealing in shares in electronic form. The shareholders may also note that 98.22% holding of the Company has already been dematerialized. The shareholders are requested to make use of such facility for maximizing their convenience in the dealing of Company's shares. The ISIN (International Securities Identification Number) of the Company is INE 090C01019.

Dematerialization of Shares as on 31st March, 2014 is as follows:

Mode of Holding	No. of Shares Held	% of Shares
NSDL	2,79,10,702	96.25
CDSL	5,72,744	1.97
Total Demat Holding	2,84,83,446	98.22
Physical Holding	5,16,554	1.78
Total Shareholding	2,90,00,000	100.00

Names of Depositories in India for Dematerialization of Equity shares

National Securities Depository Limited. (NSDL)
Central Depository Services (India) Limited. (CDSL)
Annual Custody fees for the financial year 2014-15 have been paid.

Share Transfer System

All shareholders' complaints / request received have been cleared within the financial year. The complaints are generally replied within 15 days from their lodging with the Company. The investors/members may write for their queries to Shares Department of the Company and the Registrar and Share Transfer Agent

The new Certificates after registering transfer / transmission are returned within 15 days period except in the cases that are constrained for technical reasons.

10. Distribution of Shareholders

Distribution of Shareholding as on 31st March, 2014:

Shareholding of	No. of	% of	Shares	% of
Shares	Share holders	Total		Total
1 to 500	5,036	91.88	81,16,59	2.80
501 to 1000	284	5.18	24,25,60	0.84
1001 to 2000	87	1.59	14,27,80	0.49
2001 to 3000	23	0.42	6,08,79	0.21
3001 to 4000	5	0.09	1,97,50	0.07
4001 to 5000	14	0.26	6,73,17	0.23
5001 to 10000	14	0.26	10,46,67	0.36
10001 and above	18	0.32	27,55,03,88	95.00
Total	5481	100	29,00,00,00	100

Categories of Shareholders as on 31st March, 2014 (As per Clause 35 of the Listing Agreement):

Sr. No.	Category	No. of Shareholders	No. of Shares	% of Shares
1	Promoters	1	2,17,50,000	75.00
2	Mutual Funds and UTI	2	300	0.00
3	Foreign Institutional Invest	ors 3	53,17,622	18.34
4	Private Corporate Bodies	84	3,32,380	1.15
5	Clearing Members	14	36,937	0.13
6	NRI's	282	98,096	0.34
7	Public	5,095	14,64,665	5.04
	Total	5,481	2,90,00,000	100.00

11. Whistle Blower Policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has formulated a whistle blower policy which comprehensively provides an opportunity for any employee / director of the Company to raise any issue concerning breach of law, accounting policies or any act resulting in financial or reputation loss and misuse of office or suspected or actual fraud. The policy also provides for mechanism to report such concern to the Audit Committee through specified channels.

The policy will be periodically communicated to the employees and also posted on the Company's website. The Whistle Blower Policy complies with the requirements of Vigil Mechanism as stipulated under Section 177 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

12. Internal Complaints Committee

The Company is known for developing unique and healthy human development and management policies and their implementation in fair and transparent manner. Considering our responsibility towards employees as well as society and in view of the present scenario of the country wherein number of cases of sexual harassment against women are coming in to light, the Company realizes its social responsibility in ensuring safe environment at the work place free from sexual harassment to its female employees.

Accordingly, your Company has formulated an "Internal Complaints Committee (ICC)" as per the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013, that will ensure a work environment free of all forms of sexual harassment – verbal, written, physical, visual or otherwise.

The Committee is formed as per the statute and the majority of members of the Committee are woman employees including Mr. Mukund Kulkarni who is a prominent social worker from leading NGO "Abhyas Mandal". The sole objective of the Committee is to address cases of sexual harassment against women properly and judiciously. The

Committee lays down the whole procedure of filing complaints, enquiry, redressal of grievance and taking action against those who are found guilty by the Committee in a fair and transparent manner.

During the year under review, no incident of sexual harassment was reported.

13. Outstanding Debentures

The Company had issued 3,21,80,000 Optionally Convertible Debentures (OCDs) to Overseas Private Investors (OPIs) in the financial year 2006-07. On 27th October, 2010 OPIs has transferred said 3,21,80,000 Debentures to Bombay Rayon Fashions Limited (BRFL).

Except the above, the Company does not have any other Debentures / GDRs/ADRs/Bonds / Warrants.

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

Place: Mumbai **Dr. R. B. Baheti** Date: 30th July, 2014 Chairman

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CFO CERTIFICATE

- I, S. D. Naik, Chief Financial Officer of STI INDIA LIMITED, to the best of my knowledge and belief, certify that:
- a) I have reviewed the financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transaction entered into by the Company during the year which is fraudulent, illegal or violate Company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d) I have indicated to the auditors and the Audit committee -
 - (i) Significant changes in internal controls over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have also been disclosed in the notes to accounts to the financial statements; and
 - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Mumbai Date: 30th July, 2014 **S. D. Naik** Chief Financial Officer

Declaration on the Compliance of the Company's Code of Conduct

To,

The Members STI India Limited

The Company has framed a specific code of conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with the Stock Exchange to further strengthen corporate governance practices in the Company.

All the Members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said code of conduct in so far as it is applicable to them and there is no non compliance there of during the year ended March 31, 2014.

Place: Mumbai Date: 30th July, 2014

Prashant AgrawalManaging Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To, The Members of STI India Limited

- 1. We have examined the compliance of conditions of Corporate Governance by STI India Limited, for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.
- 2. The compliance of conditions of corporate governance is responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- 3. In our opinion and to the best of our Information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
- 4. We state that as per the records maintained by the company, no investor grievance is remaining pending for a period exceeding 15 days.
- 5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For V. K. BESWAL & ASSOCIATES

Chartered Accountants

CA K. V. BESWAL

Partner Membership Number - 131054 Firm Regn. No.: 101083W

Place: Mumbai Date: 30th July, 2014

Management Discussion and Analysis 2013-14

Economic Outlook

The global economy got off to a bumpy start this year buffeted by poor weather in the United States, financial market turbulence and the conflict in the Ukraine. As a result, global growth projections for the year ended 2014 as a whole have been marked down from 3.2 percent in January to 2.8 percent till March, 2014.

In financial year 2013-2014, India's GDP growth rate moderately increased to 4.9% as compared to 4.5% in 2012-2013. This was accompanied by some easing in the inflation rate. However, high interest rates, a depreciated currency and uncertainty due to elections have led to deceleration in the economic recovery.

India is likely to grow by 5.6 % in 2014-15 against a projected growth of less than 5 % in the current fiscal, a report by India Ratings and Research has said.

Industry Structure and Development

India is the one of the world's largest producers of textiles and garments. Abundant availability of raw materials such as cotton, wool, silk and jute as well as skilled workforce have made the country a sourcing hub. It is the world's second largest producer of textiles and garments. The Indian textiles industry accounts for about 24 per cent of the world's spindle capacity and 8 per cent of global rotor capacity. The potential size of the Indian textiles and apparel industry is expected to reach US\$ 223 billion by 2021, according to a report by Technopak Advisors.

The textiles industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes about 14 per cent to industrial production, 4 per cent to the gross domestic product (GDP), and 27 per cent to the country's foreign exchange inflows. It provides direct employment to over 45 million people. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the India's economy.

Cotton Scenario

Cotton yarn production increased by about 10 per cent during FY 2013-14. Blended and 100 per cent non-cotton yarn production increased by 8 per cent during FY 2013-14.

Cloth production by mill sector registered a growth of 9 per cent in the month of February 2014 and of 6 per cent during the year 2013-14.

Cloth production by power loom and hosiery increased by 2 per cent and 9 per cent, respectively, during February 2014. The total cloth production grew by 4 per cent during February 2014 and by 3 per cent during the year 2013-14.

Textiles exports stood at US\$ 28.53 billion during the year as compared to US\$ 24.90 billion during the corresponding period of the previous year, registering a growth of 14.58 per cent. Garment exports from India are expected to touch US\$ 60 billion over the next three years, with the help of government support.

Company Structure and Developments

STI India Limited (STI) is situated amidst the cotton growing belt of Madhya Pradesh having 69024 Spindles (68016 in 2012-13) and 31 Knitting Machines and producing Spun Yarn and Knitted Fabric. The Company is doing 100% Job Work for Bombay Rayon Fashions Limited, the Holding Company of the Company.

The turnover of your company stood at `5572.80 Lacs as against `4865.95 Lacs in financial year ended on 31st March, 2014 registering an increase by 14.53%. The turnover of the Company is showing an increase as compared to corresponding year 2012-13.

Opportunities/Threats/Risks/Concerns

In developing countries, policy tightening and economic adjustment produced by volatility in global financial markets over the past year has reduced short term risks and helped diminish external and domestic imbalances.

But inflation remains stubbornly high in several middle-income economies and real interest rates extremely low, indicating the need for further monetary tightening. While fiscal policy is in general not a problem in itself, deficits and debt to GDP ratios have been rising and policy should be tightened in a number of countries to ensure resilience going forward.

After stunning the world by clocking over 10 percent growth on average for the last three decades, China took the bold step last year to wean itself off burgeoning credit and investments and instead change track to increase domestic consumption. As a result, its growth rate has steadily dipped, thereby affecting the economies of fellow countries as well.

The textile business, like other businesses, is susceptible to various risks. The primary risk factor is raw material prices, mainly cotton which is the largest component of cost. Since cotton is an agricultural produce, it suffers from climatic volatility in the major cotton producing countries.

Other factors like shortage of skilled workers coupled with lack of uninterrupted power, high transaction cost, high cost of labor are hindering the progress.

However, we are making all our efforts to cope with all these challenges by continuous efforts at cost reduction and modernization.

Opportunities and Threats

There is good scope for growth for the textile industry as India's share in the global trade in textiles is weak compared to other countries. The free trade environment is a great opportunity for the Indian textile industry to increase its share in the global market. Chinese exports are slowing down on account of various factors inclusive of increase in domestic demand and rising costs. This is a good opportunity of which our textile industry should make use but smaller countries like Bangladesh, Sri Lanka, Pakistan, Turkey and Vietnam etc. are becoming

formidable challengers. Lack of uninterrupted power, increased power costs, higher transaction costs and high cost of labour is hindering the progress. However, we are making all out efforts to cope with all these challenges by continuous efforts at cost reduction, process improvements, diversification of products and improving productivity by improving efficiencies.

Despite of the adverse market conditions prevailing in various businesses in which the Company operates, the overall performance of the Company during the year has marginally improved compared to that of the previous year.

Future Outlook

The immediate outlook for the industry in which the company is operating is enthusiastic. It is expected that the economy should grow in coming years and the demand for and prices of textile, cement and paper should improve which will enable the company to regain steady or better performance.

Segment-wise or Product-wise Performance

The Company is engaged in the business of manufacturing of Spun Yarn and accordingly this is the only single reportable segment.

Internal Control System and their Adequacy

The Company has a proper and adequate system of internal controls to ensure that all assets are safe guarded and protected against loss from unauthorized use or disposition, and the transactions are authorized, recorded and reported correctly. The internal control systems of the Company comprises of Statutory Audit, Cost Audit and Internal Audit. The work of all the audits have been assigned to reputed, external, independent and qualified firms.

The Audit Committee periodically reviews the adequacy and effectiveness of the internal controls and suggests improvements so that the internal controls system be strengthened further with commensurate growth and size of the Company and concentrated its efforts to improve the system in such a way that the financial and other data should be reliable while preparing the financial statements in accordance with the applicable laws and that every transactions whether it is a financial nature or any other must describe its true nature.

Human Resource Management / Health and Safety Measures

Employees are the key to achievement of the Company's objective and strategies. The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Various HR initiatives are taken to align the HR Policies to the growing requirement of the business by building trust, instilling loyalty and coaching for results where best employees want to work. In our business context, the employees undergo various training programmes including management development programmes to upgrade their professional, inter-personal and management skills, covering the entire spectrum of employees. Technical and safety training programmes are also conducted periodically. Our

relationship with the employees continues to remain cordial and harmonious throughout the year.

Total employees' strength of the Company as on 31st March, 2014 was 1220 (1231 as on 31st March, 2013) including 285 (263 as on 31st March, 2013) female employees.

Your Company is fully committed to the safety, health and well-being of its employees and to minimizing the environmental impact on its business operations. The Company has a range of policies, including on quality, safety and health aspects to guide the employees for better work practices, actions and decisions. The Company strives to continuously improve the effectiveness of its policies and the employees are encouraged to contribute their mite in this direction. All employees are obliged to ensure that they fully understand and accept all policies and that they do fully comply with the requirements.

Environment and Safety

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

Cautionary Statement

Certain statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Forward-looking statements are identified in this report by using words like 'anticipates', 'believes' 'expects', 'intends', and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcome and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on "Risk Management'. The Company assumes no responsibilities in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

INDEPENDENT AUDITORS' REPORT

To,

The Members of STI India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of STI India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 ("the Act") accounting standards notified under the Companies Act, 1956 ("the Act") read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by

management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
 - 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;
 - In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

For V. K. Beswal & Associates Chartered Accountants

> CA K. V. Beswal Partner Membership No. 131054 Firm Regn. No. 101083W

Place: Mumbai Date: 05th May, 2014

Annexure to the Auditor's Report even date

(Referred to in paragraph 1 thereof)

- 1. In respect of Fixed Assets:
 - a) The Company has maintained proper records showing full particulars, quantitative details and situation of its fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies were noticed by the management on such verification.
 - c) Based on our scrutiny of the records of the company and the information & explanation received by us, we report that there were sale of fixed assets during the year but the fixed assets disposed off did not constitute a substantial part of the fixed assets of the company.

2. In respect of Inventories:

- a) As explained to us physical verification of inventories has been conducted during the year by the management at reasonable intervals.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
- In respect of loans, secured or unsecured granted or taken by the Company to/from the companies, firms or other parties covered in the register maintained under Section 301 of the companies Act, 1956:
 - a) During the year Company has not granted any loans to parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b) In view of our comments above, clause 4 (iii) (b), (c) & (d) of the said order is not applicable to the company.
 - c) During the year Company has taken loans from 1 party covered in the register maintained under Section 301 of the Companies Act, 1956 and the maximum amount outstanding during the year and the year-end balance is `975 lacs.
 - d) In our opinion and according to the information and explanations given to us, the terms and conditions, are not prima facie prejudicial to the interest of the Company.
 - e) In respect of the said loans, the same are repayable over a period of 5-7 years.
 - f) In respect of the said loans there is no overdue amount.
- 4. In our opinion and according to the information and

- explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and fixed assets. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct weaknesses in the aforesaid internal control system.
- 5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a) In our opinion and according to the information and explanations given to us the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in to the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices, which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- According to the information and explanations given to us, the Company has not accepted any deposits from public.
- 7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
- 8. As per the information and explanations provided to us, we are the opinion that in pursuant to the prescribed rules by Central Government, the company had maintained cost records u/s. 209(1) (d) of the Companies Act, 1956, however we have not done a detailed examination of the same.

9. In respect of Statutory Dues:

- a) According to record of the Company produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it.
- b) According to the information and explanations given, no undisputed amounts payable in respect of Income-Tax, sales tax, wealth tax, service tax, customs duty, excise duty/cess were outstanding as at 31.03.2014 for a period of more than six months from the date they became payable except as given below:-

Ø

Statement of Arrears of statutory dues outstanding for more than six months as at 31st March 2014:

S. No.	Nature of the Dues	Amount (`in lacs)	Period to which amount relates
1	Central Sales Tax	3.87	1995-96
2	Central Sales Tax	12.65	1997-98
3	Entry Tax	11.40	1996-97
4	Entry Tax	4.04	1997-98
5	Madhya Pradesh Sales Tax (M.P.S.T	8.39	1997-98
	Total	40.35	

Interest amount on the above dues (S. No 1 to 5) as on 31st March 2014 is $^{\circ}$ 79.94 lacs.

(c) According to the records of the company there are no dues of Income-Tax, sales tax, wealth tax, service tax, customs duty, excise duty/cess which have not been deposited on account of any dispute except as given below:

Nature of the Act	Nature of the Dues	Amount (`In Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act,1956	Central Sales Tax	63.00	1995-96	Writ Petition filed in M.P. High Court.
Central Sales Tax Act,1956	Central Sales Tax	1.43	2004-05	Appeal filed in M.P. Commercial Tax Appellate Board Bhopal
Central Excise Act, 1944	Excise Duty	27.03	September 2004	CESTAT, New Delhi
Central Excise Act, 1944	Excise Duty	65.49	March 2004 to September 2004	In the High court of M.P
Central Excise Act, 1944	Excise Duty	11.02	2007-08 & 2008-09	Additional Commissioner, of Central Excise Indore
Income Tax Act, 1961	Income Tax	7.00	2004-05	CIT (Appeals) Indore
Total		174.97		

- 10. The accumulated losses of the Company have exceeded fifty percent of its net worth as at 31/03/2014. The company has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- 11. As per the information and explanations given to us the company has not obtained any loan from banks & financial institution. Hence, comments under the clause are not called for.
- 12. According to the information and explanations given to us the company has not granted any loans and / or advances on the security by way of pledge of shares, debentures and other securities.
- 13. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is neither a Chit Fund nor a nidhi/mutual benefit society. Hence, in our opinion, the requirements of para 4 (xiii) of the Order do not apply to the company.
- 14. As per records of the company and information and explanations given to us by the management, company is not

- dealing or trading in shares, securities, debentures and other investments.
- 15. The company has given Corporate guarantees in connection with loan taken by holding company from banks. The terms and conditions of the guarantees given are not prejudicial to the interest of the company.
- 16. According to the records of the Company, the Company has not obtained any term loans during the year. Hence, comments under the clause are not called for.
- 17. According to the information and explanations given to us and, on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the company.
- 18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- 19. During the period covered by audit report the company has not issued any debentures.
- During the year the company has not raised any money by way of public issue.
- 21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **V.K. Beswal & Associates**Chartered Accountants

CA K.V. Beswal Partner M. No. 131054 Firm Registration No.: 101083W

Place: Mumbai Date: 05th May, 2014

Balance Sheet as at 31st March, 2014				
PARTICULARS		Note No.	31st March, 2014 (`in Lacs)	31st March, 2013 (`in Lacs)
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital		1(b)	2900.00	2900.00
Reserves and surplus		2	(4725.69)	(4058.92)
			(1825.69)	(1158.92)
Non-current liabilities				
Long-term borrowings		3	12247.00	12247.00
Current liabilities			12247.00	12247.00
Trade payables		4	210.56	311.57
Other current liabilities		5	451.49	330.05
Short-term provisions		6	125.55	86.84
Short-term provisions		U	<u></u>	728.46
TOTAL			11208.91	11816.54
A COPPEG				
ASSETS				
Non-current assets		_		
Fixed assets:		7		
Tangible assets			7679.53	8831.23
Intangible assets			0.20	0.26
Capital work-in-progress			<u>157.49</u> 7837.22	<u>179.32</u> 9010.81
Non-current investments		8	1199.93	1199.93
Deferred tax assets (net)		9	1301.40	918.07
		10	366.73	369.49
Long-term loans and advances		10	$\frac{300.75}{10705.28}$	11498.30
Current assets				
Inventories		11	169.45	125.37
Trade receivables		12	104.91	15.52
Cash and cash equivalents		13	3.53	4.01
Short-term loans and advances		14	66.79	59.05
Other current assets		15	<u>158.95</u>	114.29
			503.63	318.24
TOTAL			<u>11208.91</u>	11816.54
Notes are integral part of the balance sheet & profit &	loss account.	1(a)		
As per our report of even date			For and on behalf of I	Board of Directors of
For V.K.Beswal & Associates			STI India Limited	
Chartered Accountants			Dr.R.B.Baheti	
C.A. K.V. Beswal			Chairman	
Partner	Deepesh Kumar Nayak			
M. No. 131054 Firm Reg No.:101083W	Company Secretary		Prashant Agrawal	
			Managing Director	
DI W I			S.D.Naik	
Place: Mumbai Date: 05 th May, 2014			Chief Financial Offic	er
Dute . 05 1414y, 2017			Place : Indore	
			riace . Illuore	



		2) III I II	E
Statement of Profit & Loss A/c for the year ended 31st Marc	ch, 2014		
PARTICULARS	Note No.	31st March, 2014 3 (`in Lacs)	1st March, 2013 (`in Lacs)
INCOME:			
Revenue from Operations	16	5572.80	4865.95
Other income	17	59.65	103.17
Total Revenue		5632.45	<u>4969.12</u>
EXPENDITURE:			
Cost of raw materials consumed	18	0.46	-
Purchases of traded goods	19	543.28	-
Changes in inventories of finished goods, work-in-progress and waste	20	(21.51)	10.46
Employee benefits expenses	21	1526.70	1412.48
Finance costs	22	0.90	0.57
Depreciation and amortization expenses		1238.46	1238.24
Other expenses	23	3388.24	3499.92
Total Expenditures		6676.53	6161.67
Profit /(Loss) before extraordinary items and tax		(1044.08)	(1192.55)
Extraordinary Items :			
Prior year adjustments		5.96	1.16
Profit /(Loss) before tax		(1050.04)	(1193.71)
Tax expenses :			
Current tax		0.06	0.11
Deferred tax		(383.33)	(261.11)
Profit /(Loss) for the period		<u>(666.77)</u>	(932.71)
Earnings per equity share: Basic & Diluted (in `)		(2.30)	(3.22)
Notes are integral part of the balance sheet & profit & loss account.	1(a)		
As per our report of even date For V.K.Beswal & Associates		For and on behalf of Bo STI India Limited	ard of Directors of
C.A. K.V. Beswal		Dr.R.B.Baheti Chairman	
Partner M. No. 131054 Firm Reg No.:101083W Deepesh Kumar Nayak Company Secretary		Prashant Agrawal Managing Director	
Place : Mumbai Date : 05 th May, 2014		S.D.Naik Chief Financial Officer	
Date . 03 17thy, 2017		Place : Indore	

Ca	sh Flow Statement for the year en	ueu 51 March, 2014		
	PARTICULARS		31st March, 2014 (` in lacs)	31st March, 2013 (`in lacs)
A.	CASH FLOW FROM OPERATING AC	TIVITIES		
	Net Profit / (Loss) before Tax and after H		(1050.04)	(1193.71)
	Adjustment For:			
	Depreciation		1238.46	1238.24
	Interest & Finance charges		0.90	0.57
	Interest received		(25.47)	(26.30)
	Profit (-) / Loss (+) on sale of Assets Operative Profit before Working Capita	l Changes	<u>0.11</u> 163.96	(0.81) 17.99
	Adjustment For:	<u>i Changes</u>	103.90	17.99
	Trade and Other Receivables		(107.53)	1.78
	Inventories		(44.08)	3.20
	Trade & Other payable		59.14	(54.79)
	Cash Generation from Operations		71.49	(31.82)
	Direct Taxes		(34.28)	(4.36)
	Net Cash Flow from operating activities		<u>37.21</u>	(36.18)
D	CASH ELOW EDOM INVESTING ACT			
ь.	CASH FLOW FROM INVESTING ACT Purchase of Fixed Assets and Others	HIVITIES		
	Capital Expenditure		(62.29)	(319.59)
	Sale of Fixed Assets		0.03	4.11
	Interest Received		25.47	26.30
	Net Cash used in investing activities		(36.79)	(289.18)
C.	CASH FLOW FROM FINANCING AC	TIVITIES		
	Proceeds from Long Term Borrowings		_	250.00
	Decrease In working Capital loans		-	-
	Interest on Term loans & Others		(0.90)	(0.57)
	Net Cash used in financing activities		(0.90)	249.43
	Net Change In Cash And Cash Equilants (A	A+R+C)	(0.48)	(75.93)
	Cash and Cash Equivalents (Opening)	11210)	4.01	79.94
	Cash and Cash Equivalents (Closing)		3.53	4.01
No	es: 1. Figures in brackets represent cash ou	tflows.		
	2. Previous year figures have been regre	ouped wherever necessary.		
	per our report of even date			Board of Directors of
	V.K.Beswal & Associates		STI India Limited	
CII	refed Accountants		Dr.R.B.Baheti	
	. K.V. Beswal		Chairman	
Part	ner No. 131054	Deepesh Kumar Nayak	Dunghaut Aguarral	
	n Reg No.:101083W	Company Secretary	Prashant Agrawal Managing Director	
			S.D.Naik	
	e : Mumbai		Chief Financial Offi	cer
Dat	e: 05 th May, 2014		DI * '	
			Place : Indore Date : 05 th May, 20	14
			Date . 05 Way, 20	± 1

NOTE NO.- 1 (a) SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2014

(1) SIGNIFICANT ACCOUNTING POLICIES

(I) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. The accounts are prepared on historical cost basis as a going concern and are consistent with generally accepted accounting principles.

(II) SIGNIFICANTACCOUNTING POLICIES

a. Revenue Recognition

- Domestic sales of finished goods and scraps are accounted for on dispatch of goods to customers. Gross Sales are net of sales returns.
- Export sales are accounted for on the basis of dates of Bill of Lading.
 - Gross Sales are inclusive of incentives / benefits and net of sales returns.
- Revenue from Job work is recognized when services are rendered.

b. Fixed Assets:

Fixed assets are stated at cost of acquisition less depreciation. Cost includes taxes, duties, freight, installation and other direct or allocated expenses up to the date of commercial production and net of CENVAT credit and Subsidy received, if any.

c. Depreciation on Fixed Assets:

- Depreciation on Fixed Assets is provided on 'Straight Line Method' at rates prescribed in Schedule - XIV to the Companies Act, 1956.
- (ii) Depreciation on lease hold land & Site development is being amortized on the basis of life of the assets.
- (iii) Depreciation on fixed assets added /disposed off during the year is provided on prorata basis.

d. Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account as and when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

e. Investments:

Current investments are carried at the lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

f. Inventories:

Inventories are valued as under:-

Raw Materials	At Cost
Work-in-Process	At Cost
Finished Goods	At lower of cost or net realisable value.
Stores and Spare	At Cost.
Cotton Waste	At estimated net realisable value.

Cost of Work in Process and Manufactured Goods includes material, labour & other appropriate overheads wherever applicable.

g. Foreign Currency:

Transactions in foreign currencies are recorded at the exchange rates notified by CBEC or at the exchange rate under related forward exchange contracts. The realized exchange gains / losses are recognized in the Profit & Loss account. All foreign currency current assets and liabilities are translated in rupees at the rates prevailing on the date of balance sheet.

h. Employee Benefits

- Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (ii) Post employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized based upon the premium amount determined by LIC Group Gratuity Scheme.
- (iii) Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of leave encashment have been provided on the basis of actuarial valuation, using projected unit credit method, as at the balance sheet date.

i. Taxation

- (i) Provision for current tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by applying the tax rates as applicable.
- (ii) Deferred tax is recognised subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

j. Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

k. Provisions, Contingent Liabilities and Contingent

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that

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STI India Limited

there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1. Expenditure during construction period

The expenditure incurred and attributable interest & financing costs incurred prior to commencement of commercial production including Trial Run Expenses in respect of new project & substantial expansion of existing facilities are capitalised.

2. CONTINGENT LIABILITIES NOT PROVIDED FOR:

		(`In Lacs)
S. N. Particulars	As at 31.03.2014	As at 31.03.2013
(i) Claims against the company towards	490.32	490.32
energy charges on Captive Generation.		
(ii) Estimated Interest amount payable on	79.94	72.68
confirmed demand for sales and entry t	tax	
(iii) Liability towards M/s Maharashtra Sta	ite 73.82	73.82
Cotton Grower Mktg. Federation on ac	count	
of pending dispute under court of law.		
(iv) Disputed Sales Tax/Entry Tax Demand	ds 64.43	64.43
(v) Demand towards Show Cause Notice	11.02	11.02
Issued by Additional commissioner of		
Central excise in the matter of wrong		
availment of cenvat on packing materia	al	
used in packing of cotton waste,		
amount inclusive of penalty.		
(vi) Demand towards Show Cause Notice I	ssued 65.49	65.49
by Excise Department for charging		
Additional Customs Duty, including po	•	
on the import of HSD on account of wh	nich	
dispute is pending in high court		
(vii) Demand towards Show Cause Notice I	ssued 27.03	27.03
by Excise Department for charging		
Additional Custom Duty ,including pe	•	
on the import of HSD on account of wh	iich	
dispute is pending under Appeal		
(viii) Disputed Income tax demand	7.00	7.00
(ix) Claim of Gujarat State Co-operative	10384.84	10384.84
Cotton Federation Limited (GUJCOT)		
cotton supplies, interest, carrying charge	-	
etc. disputed and not acknowledged by	y the	
Company. (Refer note No. 4)		

3. Capital Commitments:

Estimated amount of Capital Contracts remaining to be executed (net of advances) is `730.01 Lacs. (P.Y. `840.69 Lacs)

- 4. a) The Hon'ble BIFR Bench, vide order dated 1st November, 2010 while accepting the report of Operating Agency directed the company to incorporate the dues of GUJCOT in Draft Rehabilitation Scheme (DRS).
 - b) The Company has preferred an appeal against the said order before Appellate Authority for Industrial & Financial Reconstruction (AAIFR) and the AAIFR vide their order dated 6th April, 2011 directed that impugned directions passed by the BIFR shall be subject to the final

- order passed by AAIFR in the Appeal.
- c) In the final hearing dated 29th April, 2013 the AAIFR agreed with the submissions of the Company and remanded the case to BIFR with a direction to hear matter on the points raised in appeal before AAIFR. The hearing was scheduled on 25th March, 2014. However the same was not heard as the bench did not function on the said date. No further date of hearing has been notified.
- 5. The Board of Directors at its meeting dated 25th November, 2010 has taken note of the Report of Independent Chartered Accountant firm elaborating the details of certain financial transactions of the Company. The Board has directed to take necessary action in this regard. As directed by the board, the efforts are being made for recovery of dues and issued legal notices to respective parties. There is no ascertainable effect on the financials except some non-recoverable advances for which provisions have already been made in the books & charged to Profit & Loss Account.

6. Managerial Remuneration

The remuneration paid to non executive chairman is subject to approval of Central Government for which application has been filed on 04.10.2011 followed by the further applications on 30th October, 2012 & 22nd July, 2013 respectively. However, the approval of govt. is yet to be received.

7. On 08.07.2011, the fire incidence took place in the factory premises of the company. The company has filed intimation about the total loss of `5 crores on 09.07.2011 to the insurance company and also requested for deputing surveyor for assessing losses. However, During the previous year company has received `124.94 lacs as on account payment towards the insurance claim and `168.12 lacs towards salvage value. Pending the processing of the insurance claim, the balance claim of the company remains to be crystallized therefore to that extent no effect has been given in books of accounts.

8. Segmental Reporting:

The Company is mainly engaged in the business of manufacturing of textiles consisting of yarn and fabrics. Considering the nature of business and financial reporting of the Company, the Company has only one segment viz. textile segment. The company operates in one geographical segment.

- Based on the information available with the Company, there
 are no suppliers who are registered as micro or small
 enterprises under The Micro, Small and Medium
 Enterprises Development Act, 2006, as at 31st March 2014.
- **10.** As per Accounting Standard 15 "Employee Benefits", the disclosure of Employee benefits as defined in the Accounting Standard are given below:

11. Defined Benefit Plan:

A. Leave Encashment:

The present value of obligation under Leave Encashment is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving

rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Changes in present value of obligation

	amiges in present value of conguitor		(`In lacs)
	Particulars	Leave Encashment	Leave
	1 at ucuiais	2013-14	2012-13
a)	Present value of obligation as at the		
	beginning of the year	39.43	35.57
b)	Acquisition adjustment		
	Interest cost	3.55	2.93
	Past service cost		
	Current service cost	15.09	14.52
-	Curtailment cost/(Credit)		
_	Settlement cost/(Credit)		(10.60)
	Benefits paid	(8.06)	(10.66)
-	Actuarial (gain)/loss on obligation	(3.01)	(2.94)
_	Present value of obligation as at the end of th		39.43
Th	ne amounts to be recognized in balar	nce sheet	
	Particulars	31-03-2014	31-03-2013
a)	Present value of funded obligation as at		
	the end of the period		
b)	Fair value of plan assets as at the end of the	e period	
c)	Present value of unfunded obligation as at	t	
	the end of the period	47.00	39.43
d)	Unrecognized Past Service Cost		
e)	Net Liability	47.00	39.43
	Amount in the balance sheet		
	Liabilities	47.00	39.43
	Asset		
	Net liability	47.00	39.43
Ex	pense recognized in the statement of pro	ofit and loss	
_	Particulars	2013-14	2012-13
a)	Current service cost	15.09	14.52
b)	Past service cost		
c)	Interest cost	3.55	2.93
d)	Expected return on plan assets		
	Curtailment or Settlement cost / (Credit)		
	Net actuarial (gain)/loss recognized in the	e	
_	period	(3.01)	(2.94)
g)	Expenses recognized in the statement of	(2132)	(=1,2 1)
51	profit & losses	15.63	14.52
	Actuarial Assumptions:	10.00	1.102
_	Particulars	2013-14	2012-13
a)	Mortality Table		LIC 1994-96
_	•	(Ultimate)	(Ultimate)
b)	Discount Rate (P.A.)	9.00%	8.25%
	Expected Rate of Return on plan assets (P		0%
	Salary Growth Rate (P.A.)	7.00%	6.50%
	Withdrawal rate 18 to 60 Years (P.A.)	5.00% at	5.00% at
٠)		younger	younger
			ages & 1% at
		-	•
		elder ages	elder ages

B. Gratuity

The employees' Gratuity Fund Scheme, which is a defined plan, is managed by the Trust maintained with Life Insurance Corporation of India (LIC). The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which is recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

_	Particulars	As on	(` In lacs) As on		
	Taruculars	31.03.14	31.03.13		
_		21,00,11	01100110		
1.	Assumption				
	Discount Rate	9.00%	8.00%		
	Salary Escalation	7.00%	7.00%		
2.	Present value of Obligation				
	Present value of obligations as at				
	beginning of year	131.36	82.17		
	Interest cost	11.82	6.57		
	Current Service Cost	30.66	14.88		
	Benefits Paid	(26.94)	(22.59)		
	Actuarial (gain)/loss on obligations	6.32	50.33		
	Present value of obligations as at end of year	153.22	131.36		
3.	Fair value of plan assets				
	Fair value of plan assets at beginning of year	136.87	122.36		
	Expected return on plan assets	11.73	11.41		
	Contributions	21.42	25.69		
	Benefits Paid	(26.94)	(22.59)		
	Actuarial (gain)/ loss on obligations	0.35	-		
	Fair value of plan assets at the end of year	143.43	136.87		
	Funded status	9.79	(5.51)		
4.	Actuarial Gain/Loss recognized				
	Actuarial (gain)/loss on obligations	(6.32)	(50.33)		
	Actuarial (gain)/loss for the year - plan assets	-	-		
	Actuarial (gain)/loss on obligations	6.32	50.33		
	Actuarial (gain)/loss recognized in the year	6.32	50.33		
5.	The amounts to be recognized in the balance sheet				
	Present value of obligations as at the end of year	153.22	131.36		
	Fair value of plan assets as at the end of the year	143.43	136.87		
	Funded status	9.79	(5.51)		
6.	Expenses Recognized in statement of Profit a	nd loss			
	Current Service cost	30.66	14.88		
	Interest Cost	11.82	6.57		
	Expected return on plan assets	(11.73)	(11.41)		
	Net Actuarial (gain)/loss recognized in the year	6.32	50.33		
	Expenses to be recognized in statement of				
	Profit and loss	37.07	60.38		

The Company has recognized `48.32 lacs (40.87 lacs) in the Profit & Loss account for the year ending 31st March, 2014 under Defined Contribution Plan.

12. Related Party Disclosures (As certified by Management)

a) List of Related Parties and Relationships:

S. No.	Name of Related Party	Relationship
1.	Bombay Rayon Fashions Limited	Holding Company
2.	STI Sanoh India Limited	Incorporated Joint Venture
3.	Key Management Personnel	
	A. Dr. R.B. Baheti	Non Executive, Chairman
	B. Mr. Prashant Agrawal	Managing Director
	C. Mr. Aman Agrawal	Vice – Chairman

b) Related Party transaction (s) during the year 2013-14: (Amount in `Lacs)

Transaction	Associates & JVs	Holding Company	Key Management Personnel/Relatives
Loan received	-	-	
	(-)	(250.00)	(-)
Loan payment	-	-	-
	(-)	(-)	(-)
Sales	-	0.46	-
	(-)	(-)	(-)
Jobwork	-	2497.01	-
	(-)	(4184.68)	(-)
Purchases	-	250.73	-
	(-)	(-)	(-)
Rentreceived	-	1.20	-
	(-)	(1.20)	(-)
Managerial Remuneration	-	-	112.36
-	(-)	(-)	(108.24)

^{13.} The Company has provided corporate guarantee for securing the term loans and working capital loan facilities availed by the holding company restricted upto the realizable value of assets provided as security.

14. Earnings Per Share (EPS)

(Equity Shares of `10 each)

Particulars	Current year	Previous year
(i) Number of shares at the beginning of the year	29000000	29000000
(ii) Number of shares at the end of the year	29000000	29000000
(iii) Weighted average number of Equity Shares outstanding during the year	29000000	29000000
EPS:		
(i) Net profit/(loss) available for Equity Share holders (`In Lacs)	(666.77)	(932.71)
(ii) Basic and diluted earnings per share (`)	(2.30)	(3.22)

15. Information in respect of Joint Venture Company (JVC) - STI Sanoh India Limited, as per available financial statements as at 31st March, 2014 (Provisional) and 31st March, 2013 (Audited), is provided hereunder:-

Country of Incorporation India

Proportion of Ownership Interest 43.48% (`1199.93 lacs of paid up equity share capital out of `2760 lacs)

Description of Interest Joint Venture Company (JVC) is established principally for manufacturing of Single

Walled Copper Brazed Tubes and Break fuel components.

Ø

	Particulars	2013-14	2012-13
		(`in Lacs)	(`in Lacs)
i)	Assets		
	a) Net fixed assets	1355.88	1455.70
	b) Net current assets	2304.56	1434.18
ii)	Miscellaneous expenditure (to the extent not written off or adjusted)	-	-
iii)	Credit (Debit) balance -Profit & loss a/c	2285.16	1518.30
iv)	Liabilities (Loans & Deferred Credits)	175.22	171.53
v)	Gross Income	10650.57	10496.88
vi)	Gross Expenditure	9454.19	9837.03
vii)	i) Contingent Liabilities	213.76	306.09
			(`In Lacs)
		Current year	Prev. Year
		31.03.2014	31.03.2013
16.	C.I.F. Value of Imports:		
	(a) Stores, Spares & HSD	25.59	74.46
	(b) Capital Goods	-	88.34
17.	Expenditure in Foreign Currency:		
	(a) Foreign Traveling	1.21	2.33
	(b) Commission on Export Sales	-	-
18.	Earning in Foreign Exchange		
	FOB value of Exports	156.22	-
19.	Stores and Spares Consumed:		

20. Previous year figures have been re-grouped / reclassified wherever necessary to make them comparable in accordance with revised schedule VI.

Total

As per our report of even date For **V.K.Beswal & Associates**

(a) Indigenous

(b) Imported

Chartered Accountants

For and on behalf of Board of Directors of

367.17

73.28

83.36%

16.64%

 $\underline{440.45} \ \underline{\overline{100.00\%}}$

STI India Limited

90.94%

9.06%

Dr.R.B.Baheti Chairman

 $\underline{347.07} \quad \underline{100.00\%}$

315.60

31.47

Deepesh Kumar Nayak Company Secretary Prashant Agrawal Managing Director

S.D.Naik

Chief Financial Officer

Partner M.No. 131054 Firm Reg No.:101083W

C.A. K.V. Beswal

Place : Mumbai Place : Indore Date : 05^{th} May, 2014 Place : 05^{th} May, 2014



Notes to financial statements for the year ended 31st March, 2014

Note: 1 (b) Share Capital

A

Particulars	31st M	31st March, 2014		Iarch, 2013
	Numbers	Numbers `in Lacs		` in Lacs
Authorised				
Equity Shares of `10 each	40000000	4000.00	40000000	4000.00
Preference Shares of `100 each	500000	500.00	500000	500.00
	40500000	4500.00	40500000	4500.00
Issued, Subscribed & fully Paid up				
Equity Shares of 10 each	29000000	2900.00	29000000	2900.00
Total	29000000	2900.00	29000000	2900.00

B Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	Equity Shares					
Particulars	31st M	arch, 2014	31st March, 2013			
	Numbers	` in Lacs	Numbers	` in Lacs		
At the beginning of the year	29000000	2900.00	29000000	2900.00		
Shares Issued during the year	-	-	-	-		
At the end of the year	29000000	2900.00	29000000	2900.00		

C Shares held by holding company:

Particulars	Nature of	31st March 2014	31st March 2013
	Relationship		
Equity Shares		Nos.	Nos.
Bombay Rayon Fashions Ltd.	Holding Company	21750000	21750000

D Detail of shareholders holding more than 5% of shares in the company

		Equity Shares					
Particulars	31st Ma	rch, 2014	31st March, 2013				
	No. of % of		No. of	% of			
	Shares held	Holding	Shares held	Holding			
Bombay Rayon Fashions Ltd.	21750000	75.00%	21750000	75.00%			
India Max Investment Fund Limited	1714068	5.91%	2806068	9.68%			
Prime India Investment Fund Limited	2420984	8.35%	1328984	4.58%			

§ STI India Limited

-		
PARTICULARS	31st March 2014	31st March 2013
	(`in lacs)	(`in lacs)
Note - 2: Reserve and surplus		
Capital Reserves		
Opening Balance	40.01	40.01
(+)/(-) Transfer		
Closing Balance	40.01	40.01
Securities Premium Account		
Opening Balance	3773.00	3773.00
(+)/(-) Transfer	-	-
Closing Balance	3773.00	3773.00
Surplus		
Opening balance	(7871.93)	(6939.22)
(+) Net Profit/(Net Loss) For the current year	(666.77)	(932.71)
Closing Balance	(8538.70)	(7871.93)
Total	(4725.69)	4058.92)
Note - 3 : Long term borrowings		
Debentures (Secured)		
45,80,000 Debentures (Series 1) of `40/- each	1832.00	1832.00
50,00,000 Debentures (Series 3) of 8/- each	400.00	400.00
26,00,000 Debentures (Series 2) of `40/- each	1040.00	1040.00
2,00,00,000 Debentures (Series 4) of `40/- each	8000.00	8000.00
(Debentures series 1,3 and 4 are secured by residual charge of equitable mortgage of Land & Building located on Plot No. 1 at Rau Pithampur Link Road, Sonvay Village admeasuring 285290 Sq. Mtr. standing in the name of the Company and all plants and machinery to be attached/installed. Debentures series 2 are secured by way of residual charge on all non-fixed assets of the Company).		
Loans and Advances from Holding Company	975.00	975.00
Total	12247.00	12247.00
Note - 4 : Trade payables		
Unsecured:	240	a
Trade payables	<u>210.56</u>	311.57
Total	<u>210.56</u>	<u>311.57</u>
Note - 5 : Other Current Liabilities		
Customer deposits & Advances Accrued salaries and benefits	19.38 103.62	22.34 109.37
Statutory dues	71.04	65.59
Outstanding expenses	257.45	132.75
Total	451.49	330.05
		<u></u>



PARTICULARS	31 st March 2014 (`in lacs)	31 st March 2013 (`in lacs)
Note - 6 : Short Term Provisions		
Provision for employee benefits :		
Gratuity	41.00	12.00
Bonus	37.49	35.29
Leave Encashment Others:	47.00	39.43
Wealth tax	0.06	0.12
Total	125.55	86.84

Note 7: Fixed Assets

		GROSSBLOCK				DEPRECIATION NET BLO				BLOCK
FixedAssets	Balance as at	Additions	Disposals	Balance as at	Balance as at	For the	Written	Balance as at	Balance as at	Balance as at
	01.04.2013			31.03.2014	01.04.2013	year	back	31.03.2014	31.03.2014	31.03.2013
	`in lacs	`in lacs	` in lacs	` in lacs	`in lacs	`in lacs	`in lacs	` in lacs	` in lacs	` in lacs
Tangible Assets:										
Land - Lease hold	862.36	-	-	862.36	30.84	10.08	-	40.92	821.44	831.52
- Free hold	67.93	-	-	67.93	-	-	-	-	67.93	67.93
Site developments	298.07	0.40	-	298.47	16.12	3.44	-	19.56	278.91	281.95
Factory buildings	2613.51	-	-	2613.51	1386.74	87.29	-	1474.03	1139.48	1226.77
Non factory buildings	776.72	-	-	776.72	187.54	12.66	-	200.20	576.52	589.18
Plant and Equipment	20717.07	83.86	-	20800.93	14976.46	1107.98	-	16084.44	4716.49	5740.61
Vehicles	65.20	-	-	65.20	17.86	6.19	-	24.05	41.15	47.34
Computer	39.09	0.17	-	39.26	32.03	1.38	-	33.41	5.85	7.06
Furniture and Fixtures	186.95	0.84	-	187.79	152.34	9.14	-	161.48	26.31	34.61
Office equipment	4.87	1.57	0.17	6.27	0.61	0.24	0.03	0.82	5.45	4.26
Total	25631.77	86.84	0.17	25718.44	16800.54	1238.40	0.03	18038.91	7679.53	8831.23
Intangible Assets:										
Computer software	3.96	-	-	3.96	3.70	0.06	-	3.76	0.20	0.26
Total	3.96	-	-	3.96	3.70	0.06	-	3.76	0.20	0.26
Capital Work In Progress	-	-	-	-	-	-	-	-	157.49	179.32
Total	25635.73	86.84	0.17	25722.40	16804.24	1238.46	0.03	18042.67	7837.22	9010.81
Previous Year	25443.12	210.62	18.01	25635.73	15580.71	1238.24	14.71	16804.24	9010.81	9871.40

Note - 8 : Non-current Investments

Other investments:

Investment in Equity instruments:
Unquoted: (Fully paid up) 11999300 Equity Shares of ` 10/- each of STI Sanoh India Limited

1199.93 1199.93 Total 1199.93 1199.93



PA POWOVIII A PO	adstag 2 and 1	245134 1 2042
PARTICULARS	31 st March 2014 (`in lacs)	31 st March 2013 (`in lacs)
Note - 9 : Deferred tax assets (Net)	(in lacs)	(in lacs)
• •		
Deffered tax liability	6500 25	7022.04
Net Block as per Companies Act (31.03.2014) Net Block as per Income Tax Act (31.03.2014)	6790.35 2919.17	7932.04 3268.61
Difference	3871.18	4663.42
Deffered tax liability (A) @ 30.90%	<u>1196.20</u>	<u> 1441.00</u>
Deffered tax assets		
Expenditure to be disallowed u/s 43B -	(2.21	55 O.1
Bonus Leave encashment	62.21 47.00	55.81 39.43
Gratuity	41.00	12.00
Unabsorbed depreciation	7932.61	<u>7527.27</u>
Deffered tax assets (B) @ 30.90%	8082.82 2497.60	<u>7634.51</u> 2359.07
. ,		
Net Deffered Tax (Assets) (A)-(B) (Closing) Less: Net Deffered Tax (Assets) (Opening)	(1301.40) (918.07)	(918.07) (656.96)
Net Deffered Tax (Assets) to be recognized in Profit & Loss Account.	(383.33)	(261.11)
Note - 10 : Long-term loans and advances		
Capital Advances		
Unsecured, considered good	37.59	40.31
Security Deposits Unsecured, considered good	329.14	329.18
Other loans and advances (refer Note 5)	329.14	329.16
Doubtful	2450.75	2450.75
Less: Provision for doubtful advances	2450.75	<u>2450.75</u>
Total	366.73	369.49
Note - 11 : Inventories		
Raw Materials (Valued at cost)	-	0.46
Waste (Valued at net realisable value)	43.95 77.58	22.44 74.55
Stores and spares (Valued at cost) Goods-in transit	16.68 94.26	
Packing material (Valued at cost)	23.32	19.01
Oil & lubricant (Valued at cost)	7.92	2.66
(As certified by Management) Total	169.45	125.37
Note - 12 : Trade Receivables		
Trade receivables outstanding for a period less than six	92.00	2.60
months from the date they are due for payment	, 2.00	2.00
Trade receivables outstanding for a period exceeding six	12.91	12.92
months from the date they are due for payment	104.01	15.50
Total	104.91	15.52



		Kepori 2015-14
PARTICULARS	31 st March 2014 (`in lacs)	31 st March 2013 (`in lacs)
Note - 13 : Cash and cash equivalents		
Balances with banks On current accounts Cash on hand Total	2.69 0.84 3.53	2.84 1.17 4.01
Note - 14 : Short-term loans and advances Advance receivable in cash or kind Total	66.79 66.79	59.05 59.05
Note - 15 : Other current assets		
Insurance claim receivable Balance with Government authorities Others Total	84.51 66.23 8.21 158.95	84.51 25.44 4.34 114.29
Note - 16 : Revenue from operations		
Revenue from operations Sale of product: Traded goods Other goods Sale of service: Jobwork receipt	569.01 1061.30 3942.49	- 645.86 4220.09
Total	5572.80	4865.95
Detail of Sales		
Domestic: Waste Fiber Yarn Sale Fabric Sale Export: Yarn Sale Fabric Sale Total	1,267.87 161.26 36.66 119.08 45.44 1,630.31	645.86
Note - 17: Other income		
Interest Income (TDS of ` 2.55 lacs (` 2.63 lacs)) Profit on sale of assets Sundry balances written back Insurance claim received Miscellaneous income	25.47 4.55 29.63	26.30 0.81 - 1.92 74.14
Total	59.65	103.17

§ STI India Limited

DA DITICULI A DC	31 st March 2014	31st March 2013
PARTICULARS	(` in lacs)	(` in lacs)
	(=== =====)	(== =====
Note - 18 : Cost of material consumed		
Inventory at the beginning of the year	0.46	0.46
Add: Purchase	-	-
Less: Inventory at the end of the year		0.46
Cost of material consumed	0.46	<u> </u>
Note - 19 : Detail of purchase of traded goods		
Finished Goods	214.76	-
Waste	328.52	-
	543.28	
Note - 20 : Increase (-) / decrease (+) in inventories		
Inventory at the end of the year		
Wastage	43.95	22.44
Inventory at the beginning of the year	22.44	22.00
Wastage (Increase)/decrease in inventories	$\frac{22.44}{(21.51)}$	32.90 10.46
(increase)/decrease in inventories	(21,31)	
Note - 21 : Employee benefit expenses		
Salaries & wages	1082.67	1019.33
Contributions to provident and other fund	125.54	104.80
Gratuity & Bonus	85.81	76.16
Staff welfare expenses	232.68	212.19
Total	1526.70	1412.48
Note - 22 : Finance costs		
Interest expense	-	0.01
Bank Charges	0.90	0.56
Total	0.90	0.57



PARTICULARS	31st March 2014 (`in lacs)	31st March 2013 (`in lacs)
Note - 23 : Other expenses		
Stores & spares consumption	347.06	440.45
Packing material and expenses	280.18	292.13
Power and fuel	2199.64	2199.34
Fiber Processing & Handling Expenses	57.72	59.89
Water charges	8.55	18.86
Rent	3.27	8.23
Rates and taxes	5.99	3.97
Insurance	18.59	16.68
Repair and maintenance:		
Plant and machinery	38.82	40.19
Building	18.28	14.26
Advertising and business promotion	2.42	1.34
Traveling and conveyance	49.44	55.55
Communication Expenses	9.77	10.34
Printing and stationary	7.07	8.68
Legal and professional fees	84.18	72.10
Director's remuneration	112.36	108.24
Directors' sitting fees	0.78	0.75
Auditor's remuneration	15.28	15.28
Loss on sale of fixed assets	0.11	-
Miscellaneous expenses	128.73	133.64
Total	3388.24	3499.92
Payments to auditor		
For Audit Fee	11.24	11.24
For Tax Audit Fee	2.81	2.81
For Certification & Others	1.23	1.23
Total	15.28	15.28

NOTE

NOTE

9

STI India Limited

Regd. Office.: Rau-Pithampur Link Road, Tehsil - Mhow, Dist. Indore - 453 332 (M.P.) India, Ph. No. (0731) 4014400, Fax No. (0731) 4020011, Email: share3@stitextile.net, Website: www.stitextile.net, CIN: L27105MP1984PLC002521

ATTENDANCE SLIP

DP Id*				F	olio No
Client Id*				N	Io. of Equity Share(s) held
I / We hereby rec	ord my / our prese at 11.00 A.M. at the	ence at the 29	9th Annual Gener	al Meeting of	the Company being held on Monday, the 29th at Rau-pithampur Link Road, Teh-Mhow, Dist.
				Signati	re of the Shareholder/ Proxy/Representative**
	vestors holding shar hever is not applicat		ic form.		
signature registere	d with the Company	y, for admissio	on to the meeting.		slip, duly signed in accordance with their specimen
To			CONSEN	<u>IT LETTE</u>	
	ndia Private Limite		CONSEN	<u>T LETTE</u>	R Date:
Unit: STI Indi C-13, Pannala L. B. S. Marg,	Share Transfer Age a Limited al Silk Mills Compo , Bhandup (West)) 078 (M.H.) India				
Sub: Consent	for serving Docum	ents through	Electronic Mode.		
Dear Sir,					
	g the documents thro			lo	hereby give my / our
Kindly send the do	cuments at my / our	Email id:			
Consent:	YES ()	NO()	
Thanking you, Yours faithfully Name of Sole / Firs	st Holder				Signature

S STI India Limited

Regd. Office.: Rau-Pithampur Link Road, Tehsil - Mhow, Dist. Indore - 453 332 (M.P.) India, Ph. No. (0731) 4014400, Fax No. (0731) 4020011, Email: share3@stitextile.net, Website: www.stitextile.net, CIN: L27105MP1984PLC002521

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rule, 2014]

Name	of the Member(s)	
Registe	ered Address	
E-mail	Id	
Folio N	Io./*Client ID	
DPID		
I/Wa bai	ing a mambar / mamb	ers of, shares of the STI India Limited, hereby appoint:
I/ we, bei	ing a member/ memb	ers of, shares of the STT findia Limited, hereby appoint:
(1)	Name	Address
	E-mail Id	
(2)	Name	
	E-mail Id	, or failing him/her;
(3)	Name	Address
	E-mail Id	Signature

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Monday, the 29th September, 2014 at 11.00 A.M. at the Registered Office of the Company situated at Rau-pithampur Link Road, Teh-Mhow, Dist. Indore - 453 332 (M.P) India and at any adjournment thereof in respect of such resolutions as are indicated below:

Ø

, and the second	For	
	1 01	Against
Ordinary Business		
Consider and adopt the Reports of Auditors, Directors and Audited Financial Statements for the year ended on 31st March, 2014.		
Re-appointment of Dr. R. B. Baheti, who retires by rotation.		
Appointment of M/s V. K. Beswal & Associates, Chartered Accountant, Mumbai as Statutory Auditor and authorise the Board of Directors to fix their Remuneration.		
Special Business		
Appointment of Mr. Prashant Agrawal as Managing Director.		
Appointment of Mr. T. N. Anand Reddy as an Independent Director.		
Appointment of Mr. A. Arumugham as an Independent Director.		
Authorisation to borrow monies under Section 180(1)(c) of the Companies Act, 2013, in excess of the aggregate of paid-up capital and free reserves of the Company.		
Authorisation under Section 180(1)(a) of the Companies Act, 2013 for creation of security.		
Approve and adopt the new set of Article of Association of the Company.		
	for the year ended on 31st March, 2014. Re-appointment of Dr. R. B. Baheti, who retires by rotation. Appointment of M/s V. K. Beswal & Associates, Chartered Accountant, Mumbai as Statutory Auditor and authorise the Board of Directors to fix their Remuneration. Special Business Appointment of Mr. Prashant Agrawal as Managing Director. Appointment of Mr. T. N. Anand Reddy as an Independent Director. Appointment of Mr. A. Arumugham as an Independent Director. Authorisation to borrow monies under Section 180(1)(c) of the Companies Act, 2013, in excess of the aggregate of paid-up capital and free reserves of the Company. Authorisation under Section 180(1)(a) of the Companies Act, 2013 for creation of security.	for the year ended on 31st March, 2014. Re-appointment of Dr. R. B. Baheti, who retires by rotation. Appointment of M/s V. K. Beswal & Associates, Chartered Accountant, Mumbai as Statutory Auditor and authorise the Board of Directors to fix their Remuneration. Special Business Appointment of Mr. Prashant Agrawal as Managing Director. Appointment of Mr. T. N. Anand Reddy as an Independent Director. Appointment of Mr. A. Arumugham as an Independent Director. Authorisation to borrow monies under Section 180(1)(c) of the Companies Act, 2013, in excess of the aggregate of paid-up capital and free reserves of the Company. Authorisation under Section 180(1)(a) of the Companies Act, 2013 for creation of security.

^{*} Applicable for investors holding shares in electronic form.

Notes:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A proxy need not be a member of the Company.
- (3) A person can act as proxy on behalf of member(s) not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member.
- (4) For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of the 29th Annual General Meeting.
- (5) It is optional to put "X" in the appropriate column against the Resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (6) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (7) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.
- (8) Please complete all details including details of member(s) in above boxy before submission.

Signed thisday of2014.		
Signature of shareholder	F	ffix ` 1/- Revenue stamp
Signature of Proxy Holder (s): 1	3	

STI India Limited

9 **STI India Limited**

Regd. Office.: Rau-Pithampur Link Road, Tehsil - Mhow, Dist. Indore - 453 332 (M.P.) India, Ph. No. (0731) 4014400, Fax No. (0731) 4020011, Email: share3@stitextile.net, Website: www.stitextile.net, CIN: L27105MP1984PLC002521

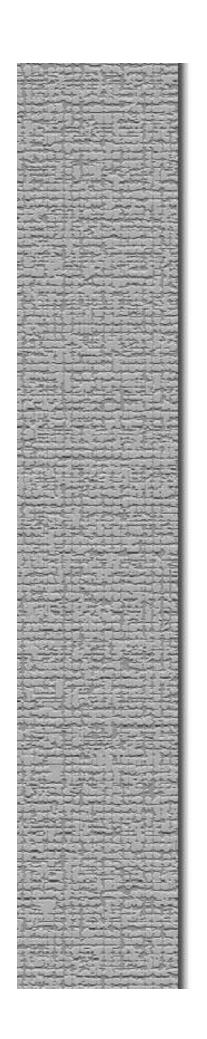
Shareholders Information Form

	registered Shareholder(s) of STI India Limited and g my / our information in the record of the Company and Registrar and Share Transfer
Name of the Shareholder(s) (In case of Joint Holders, please give Name of all holders	:
Ledger Folio / Client Id No./DP Id	:
Number of Shares held	:
Present Residential Address	:
Permanent Residential Address (if difference from above)	:
Phone No. / Mobile No. (With extn.)	:
Email address	:
Permanent Account Number (PAN)	:
Specimen Signature	:
Enclosures (Please enclose self attested ID & Address Proof)	: 1 ID Proof: : 2) Address Proof:
I/We further undertake to intimate immediately up of the same.	pon changes, if any, to the Company / Registrar and Share Transfer Agent for updating
Date: Place:	Signature of the Shareholder(s)



Tehsil - Mhow, Dist. Indore - 453 332 (M.P.) INDIA

Phone: +91(0731) 4014400 Fax: +91(0731) 4020011 Email: share3@stitextile.net



29th Annual Report

2013-14



Quality & Commitment



A Subsidiary of Bombay Rayon Fashions Limited
Manufacturers of quality Yarn & 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. A. Arumugham
Director

Chief Financial Officer

Mr. S. D. Naik

Company Secretary

Mr. Deepesh Kumar Nayak

Secretarial Auditor

Rao Saklecha & Co.

Practicing Company Secretary, Indore

Statutory Auditor

V. K. Beswal & Associates, Chartered Accountants, Mumbai

Internal Auditor

Fadnis & Gupte

Chartered Accountants, Indore

Bankers

Axis Bank Limited State Bank of India Indusind Bank Limited

Regd. Office & Works STI India Limited

Rau-Pithampur Link Road,

Tehsil - Mhow,

Dist. Indore - 453 332 (M.P.) India

Ph. No. (0731) 4014400 Fax No.: (0731) 4020011

Email: share3@stitextile.net Website: www.stitextile.net CIN: L27105MP1984PLC002521

Registrar & Share Transfer Agent Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W), Mumbai- 400 078, India

Ph. No.: (022) 25946970, 25963838

Fax No.: (022) 25946969

Email: rnt.helpdesk@linkintime.co.in

Equity Shares Listed at

National Stock Exchange of India Ltd. (NSE) Bombay Stock Exchange Ltd. (BSE)

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NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of the Members of STI India Limited will be held on Monday, the 29th September, 2014, 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.) India to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the audited Profit and Loss Account for the financial year ended on 31st March, 2014 and Balance Sheet as on that date together with the Reports of Independent Auditor and Directors thereon.
- 2. To appoint a Director in place of Dr. R. B. Baheti (DIN: 00008202) who retires by rotation and being eligible, offers himself for reappointment.
- To appoint M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai having Firm Registration No. 101083W as Statutory
 Auditor of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual
 General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

- 4. To re-appoint Mr. Prashant Agrawal (DIN: 00019464) as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
 - "RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) approval of the Company be and is hereby accorded to the re-appointment of Mr. Prashant Agrawal (DIN: 00019464) as Managing Director of the Company for a period of 3 (three) years with effect from 25th November, 2013 to 24th November, 2016 without any remuneration;
 - **FURTHER RESOLVED THAT** the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."
- 5. To appoint Mr. T. N. Anand Reddy (DIN: 00220734) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
 - "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with schedule IV and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. T. N. Anand Reddy (DIN: 00220734) a Non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019.
 - **FURTHER RESOLVED THAT** the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."
- 6. To appoint Mr. A. Arumugham (DIN: 00350163) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
 - "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with schedule IV and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. A. Arumugham (DIN: 00350163) a Non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019.

FURTHER RESOLVED THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

STI India Limited

7. To approve borrowing limits of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of earlier resolutions passed under Section 293(1)(d) of the Companies Act, 1956 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves provided that the total outstanding amount so borrowed shall not at any time exceed the limit of Rs. 150.00 Crores;

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required."

To authorize the Board for mortgaging the property of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of earlier resolutions passed under Section 293(1)(a) of the Companies Act, 1956 and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) the consent of the members be and is hereby granted to the Board (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) for creation of mortgage on the property, admeasuring area 285290 Sq. mtr., situated at Plot No. 1, Rau-pithampur Link Road, Teh: Mhow, Dist - Indore - 453 332 (M.P.) on such terms and conditions as the Board may determine to the extent of value of mortgage property for securing the debentures of Rs. 141.00 Crores issued by the Company and subsequently extending the mortgage / charge on the same property for securing the borrowing availed by Bombay Rayon Fashions Limited from Financial Institutions / Bank;

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to finalize, settle and execute such documents / deeds/writings/papers and agreements as may be required and to take all necessary steps and do all necessary things in this regard in order to comply with all the legal and procedural formalities and further to authorize any of its Committee(s) / Director(s) or any Officer(s) of the Company to do all such acts, deeds or things as it may in its absolute discretion deem necessary proper and fit."

To adopt new set of Article of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company;

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Place: Mumbai Date: 30th July, 2014 By Order of the Board of Directors of **STI India Limited**

Company Secretary

Deepesh Kumar Nayak Regd. Off.-Rau-Pithampur Link Road, Tehsil-Mhow, Distt-Indore-453 332

(M.P.) India, Ph: (0731) 4014400, Fax (0731) 4020011,

Email: share3@stitextile.net,

Website: www.stitextile.net, CIN: L27105MP1984PLC002521

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON POLL, TO 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.

Pursuant to the provisions of the Companies Act, 2013 and the underlying rules viz. Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of member(s) not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member.

The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, the 22nd September, 2014 to Monday, the 29th September, 2014 (both days inclusive).

- 2. The relative explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of item nos. 4 to 9 set out in the notice is annexed hereto.
- Information under clause 49 of the Listing Agreement with the Stock Exchange in respect of Directors seeking reappointment at the Annual General Meeting is annexed hereto
- 4. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a Certified True Copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
- Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the hall.
- 6. Members desirous of getting any information about the accounts and operation of the Company are requested to address their queries to the Secretarial Department at the Registered Office well in advance or may email at share3@stitextile.net, 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.
- 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.
- 8. The Ministry of Corporate Affairs ('MCA') has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by companies and has issued Circular No. 17/2011 dated April 21, 2011 and another Circular 188/2011 dated April 29, 2011. This will ensure prompt receipt of communication, avoid loss in postal transit and reduce paper consumption besides entailing other benefits. Hence, Members are requested to provide their email ID to the depositories who are holding their shares in demat form and the members who are holding their shares in physical form may send the duly filled form to our Registrar and Share Transfer Agent Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W) Mumbai-400 078 for sending the document in electronic form.
- 9. Electronic copy of the Annual Report will be sent to the members in future whose email IDs are registered with the Company / Registrar and Share Transfer Agent for communication purposes unless any member requests for a physical copy of the same. Therefore, Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, etc. from the Company electronically. A positive consent letter is attached to the Notice is being sent to the Members for giving consent to receive documents in electronic mode.
- 10. Members may also note that the Notice of the 29th Annual General Meeting and the Annual Report of 2014 will be available on the Company's website www.stitextile.net. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days.
- 11. Members who wish to dematerialize the share or seek any information regarding transfer of shares are requested to contact the Company's Registrar and Share Transfer Agent.
- 12. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company or the Registrar and Share Transfer Agent.
- 13. Members are requested to provide their details / information in the prescribed format as annexed with the annual report, to the Company or Registrar and Share Transfer Agent for updation of their information in the record of the Company and Registrar and Share Transfer Agent.

VOTING THROUGH ELECTRONIC MEANS

14. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the general meeting. The process and instructions for e-voting are as under:

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "STI India Limited" from the drop down menu and click on "Submit".
- (iv) Now Enter your User ID.
 - (a) For CDSL: 16 digits beneficiary ID,
 - (b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
 - (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	 Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.
	In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Detail	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
	Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for STI India Limited.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii)If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

 They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from Sr. No. (i) To Sr. No. (xvii) above to cast vote.
- (B) The voting period begins on 9.00 A. M. on 23rd September, 2014 and will ends on 5.00 P. M. on 25th September, 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an e-mail to helpdesk.evoting@cdslindia.com.
- (D) The voting right of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut off date of Friday, the 22nd August, 2014.
- (E) Mr. Pankaj Saklecha (Membership No. FCS 6292) M/s Rao Saklecha & Co., Practicing Companies Secretaries, Indore has been appointed as the Scrutinizer to scrutinize the evoting process in fair and transparent manner.
- (F) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witness not in employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (G) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.stitextile.net and on the website of CDSL within two (2) days of passing of the resolution at the AGM of the Company and communicated to both the exchanges i.e. NSE & BSE.
- (H) Members who are not casting their vote electronically may cast their vote at the Annual General Meeting.

Place: Mumbai By Order of the Board of Directors of Date: 30th July, 2014 STI India Limited

Regd. Off.-

Rau-Pithampur Link Road, Tehsil-Mhow, Distt-Indore-453 332

(M.P.) India, Ph: (0731) 4014400, Fax (0731) 4020011,

Email: share3@stitextile.net, Website: www.stitextile.net, CIN: L27105MP1984PLC002521 Deepesh Kumar Nayak Company Secretary Explanatory Statements pursuant to Section 102 (1) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

ITEM NO. 2

Brief profile of Dr. R. B. Baheti

Date of Birth	Date of Appointment	Directorship held in other Companies	No. of shares held in Company
02.01.1946	07.08.1984	04 (Four)	42

Dr. R.B. Baheti, Director and Chairman of the Company, is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Dr. R. B. Baheti, Director & Chairman of the Company is a top level Corporate Executive. Dr. Baheti born in 1946, is M. Com, Ph. D in Economics (Gold Medalist) having rich experience around four decades in running business of Cotton Yarn & Textile, Copper Coated Automotive Components, Precision Steel Tubes & Granite etc. and dealing in Textile is his family Business.

Dr. R. B. Baheti is a well-known and reputed industrialist of Central India. He has been associated with many educational and social organizations. He is recognized and respected as an experienced industrialist in the industry circle in domestic as well as international market.

Dr. R. B. Baheti has attained the age of 68 years, he has been providing his expert advice and guidance to the Company since date of incorporation and has considerable experience in the field and knowledge about the business and affairs of the Company. In guidance and association of Dr. R. B. Baheti, the Company achieved several milestones. As a member of the Board, Dr. R.B. Baheti is expected to add immense value for the long-term growth of the Company.

Dr. R.B. Baheti was Chairman and Managing Director of the Company up to 31st October, 2010. Dr. R. B. Baheti has expressed his willingness to relinquish the office of the Managing Director and on expiry of the term indicated his willingness to continue as Non Executive Chairman of the Board w.e.f. 1st November, 2010.

He was also associated with Prestigious Educational Institutions viz. Indian Institute of Management, Indore, Indian Institute of Management, Lucknow and Ahmedabad.

The Board recommends the resolution in relation to reappointment of Dr. R. B. Baheti as Director, for the approval by the shareholders of the Company.

None of the Director, Key Managerial Personnel of the Company and their relatives, other than Dr. R. B. Baheti for his respective appointment, are concerned or interested, financially or otherwise, in this resolution. The Board recommends the Ordinary Resolution as set out at item no. 2 for approval of the Members.

ITEM NO. 4

Mr. Prashant Agrawal was appointed as Managing Director of the Company by members in their 25th Annual General Meeting held on 24th December, 2010, for a period of 03 years with effect from 25th November, 2010 to 24th November, 2013, without remuneration, pursuant to the provisions of Section 198, 269, 309, 316 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act.

As per the terms of appointment, the tenure of office of Mr. Prashant Agrawal as Managing Director was expiring on 24th November, 2013. Therefore, subject to the confirmation of members in the ensuing annual general meeting, the Board of Director, at its meeting held on 30th October, 2013 reappointed Mr. Prashant Agrawal as Managing Director of the Company for further period of three years w.e.f. 25th November, 2013 to 24th November, 2016, without remuneration.

A brief profile of Mr. Prashant Agrawal is given below:

Date of Birth	Date of Appointment	Directorship held in other Companies	
26.01.1974	25.11.2010	19 (Nineteenth)	NIL

Mr. Prashant Agrawal aged 40 years holds Degree in Chemical Engineering from Institute of Chemical Technology, Bombay and MS in Chemical Engineering and Petroleum Refining, USA, has over 18 years of rich experience in the textile industry. He is also a Promoter Director designated as Managing Director of Bombay Rayon Fashions Limited (BRFL) having extensive knowledge and good command through his global vision contributed for new business opportunities and converting them into remunerative projects, consolidation of the business activities by way of acquisitions/mergers and setting up of subsidiaries.

Mr. Prashant Agrawal is not disqualified from being appointed as a managing director in terms of Section 164 and other applicable provisions of the Companies Act, 2013 and rule made thereunder.

None of the Director, Key Managerial Personnel of the Company and their relatives, other than Mr. Prashant Agrawal, Mr. Aman Agrawal & Mr. A. R. Mundra, are concerned or interested, financially or otherwise, in this resolution. The Board recommends the Ordinary Resolution as set out at item no. 4 for approval of the Members.

ITEM NO. 5 & 6

As per Sections 149 and 152 read with Schedule IV of the Companies Act, 2013 that have come into effect from 1st April, 2014 and subsequent notification issued by the Ministry of Corporate Affairs vide its General circular no.14/2014 dated 9th June 2014, the Company is required to appoint its Independent Directors, including its existing Independent Directors on or before 31st March, 2015. Further, pursuant to the above provisions, the term of such Independent Directors

is not liable to retire by rotation.

Accordingly, it is proposed to appoint existing Non-executive Independent Directors Mr. T. N. Anand Reddy and Mr. A. Arumugham as Independent Directors of the Company in accordance with Section 149 of the Companies Act, 2013, not liable to retire by rotation and to hold office for 5 (five) consecutives year for a term up to 31st March, 2019.

The Company has received from each of Mr. T. N. Anand Reddy and Mr. A. Arumugham (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that they are not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) declaration that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The Company has received notice in writing from Member under Section 160 of the Act along with the deposit of requisite amount of Rs. 1 Lac, proposing the candidatures of each of the above Directors for the office of Independent Directors of the Company.

In the opinion of the Board, Mr. T. N. Anand Reddy and Mr. A. Arumugham fulfill the conditions for their appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Agreement and are independent of the management.

A copy of the draft letters of appointment setting out the terms and conditions of appointment of Mr. T. N. Anand Reddy and Mr. A. Arumugham is available for inspection, without any fee, by the members at the Company's registered office during normal hours on working days up to the date of the AGM.

The Board considers that continued association of Mr. T. N. Anand Reddy and Mr. A. Arumugham would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. T. N. Anand Reddy and Mr. A. Arumugham as an Independent Directors. Accordingly, the Board recommends the ordinary resolutions set forth in the Item Nos. 5 & 6 of the Notice for approval of the members.

Mr. T. N. Anand Reddy and Mr. A. Arumugham are interested in the resolutions set out respectively at Item Nos. 5 & 6 of the Notice with regard to their respective appointments.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

A brief profile of Mr. T. N. Anand Reddy and Mr. A. Arumugham seeking re-appointment as Independent Director at the ensuing Annual General Meeting is appended below:



Mr. T. N. Anand Reddy

Date of Birth	Date of	Directorship held	No. of shares held
	Appointment	in other Companies	in Company
24.12.1955	30.06.2008	1 (one)	NIL

Mr. T. N. Anand Reddy is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in the year 2008. Mr. T. N. Anand Reddy is the Chairman of the Stakeholders Relationship Committee and a Member of the Audit and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. T.N. Anand Reddy is an experienced Textile Technocrat with B. Tech Degree in Chemical Engineering from I.I.T. Chennai in 1978 & Diploma. Ing Process & Combustion Technology, Technische University W.Berlin. 1983

Mr.A. Arumugham

Date of Birth	Date of	Directorship held	No. of shares held
	Appointment	in other Companies	in Company
26.10.1942	09.02.2011	15 (Fifteen)	NIL

Mr. A. Arumugham is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in the year 2011. Mr. A. Arumugham is the Chairman of the Audit Committee and a Member of Stakeholders Relationship Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. A. Arumugham aged 72 years holds a degree in commerce and qualified as a member of the Institute of Chartered Accountants of India in 1967 and has 44 years of standing in the profession and has vast experience in the industrial field. He completed his articleship with M/s. Brahmahayya and Company, a leading firm of Chartered Accountants in south India, and after qualifying as a Chartered Accountant, worked with the firm for a year. He then joined the Government of Mysore, Steel Plant at Bhadravati, Karnataka, as the first chartered accountant of the company. He is the senior partner of M/s. ARU & DEV, an established accountancy firm of Chartered Accountants with over 37 years of standing.

ITEM NO.7 & 8

At the Extra-ordinary General Meeting of the Company held on 23rd March, 2007 the Members had given their consent to the Board under Sections 293(1)(a) and (d) of the Companies Act, 1956 by way of Ordinary Resolutions, for exercising the power to borrow monies and to create charge / mortgage on the properties of the Company.

Under Section 180 of the Companies Act, 2013 the above powers of the Board are now required to be exercised only with the consent of the company by way of Special Resolution.

The approval of the Members for the said borrowings and creation of a mortgage or charge is therefore now being sought, by way of a Special Resolutions, pursuant to Section 180(1)(c) and 180(1)(a) of the Act respectively.

The Directors recommend the Resolutions at Item Nos. 7 and 8 of the accompanying Notice for the approval of the Members of the Company.

Mr. Prashant Agrawal, Mr. Aman Agrawal & Mr. A. R. Mundra, Directors of the Company are interested in the resolutions set forth in Item No. 7 and 8 of the Notice.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

ITEM NO.9

The existing Article of Association (AOA) are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some of the regulations in existing AOA are no longer in conformity with the Act in view of the recent notification of the Companies Act 2013 and rules made there under. Hence it is considered expedient to replace the existing Article by adoption of new set of Article.

As per the provisions of Section 14 of the Companies Act, 2013, alteration in Articles of Association of the Company will require to be approved by the shareholders of the Company by way of Special Resolution and hence placed for seeking approval of shareholders.

Copy of existing and new Articles of Association of the Company will be available for inspection by members during 11.00 a.m to 2.00 p.m. at the Registered Office of the Company from 21st September, 2014 to the date of Annual General Meeting.

Your Board recommends this resolution to seek your approval for amendment and adoption of new set of Articles of Association.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolution at Item No. 9.

Place: Mumbai By Order of the Board of Directors of Date: 30th July, 2014 STI India Limited

Regd. Off.-Rau-Pithampur Link Road, Tehsil-Mhow, Distt- Indore-453 332 (M.P.) India, Ph: (0731) 4014400,

Fax (0731) 4020011, Email: share3@stitextile.net, Website: www.stitextile.net, CIN: L27105MP1984PLC002521 Deepesh Kumar Nayak Company Secretary

DIRECTORS' REPORT

To,

The Members,

The Directors have pleasure in presenting 29th Annual Report of the Company along with the Audited Annual Accounts for the financial year ended 31st March, 2014.

FINANCIAL RESULTS

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

(`in Lacs)

		(III Lacs)
PARTICULARS	For the Year Ended 31.03.2014	Year Ended
Sales / Revenue from Operations	5572.80	4865.95
Profit before Interest, Depreciation & Tax	189.32	45.10
Less: Interest	0.90	0.57
Profit before Depreciation & Tax	188.42	44.53
Less: Depreciation	1238.46	1238.24
Profit/(Loss) before Tax	(1050.04)	(1193.71)
Less - Provision for Taxes (including Deferred	(383.27)	(261.00)
Profit/(Loss) After Tax	(666.77)	(932.71)
Paid Up Share Capital	2900.00	2900.00
Reserve and Surplus	(4725.69)	(4058.92)
Adjusted Net Worth of the Company	(1825.69)	(1158.92)
EPS(In`)		
- Basic & Diluted	(2.30)	(3.22)

OPERATIONS

During the financial year under review -

- the turnover of your company stood at `5572.80 Lacs as against `4865.95 Lacs in financial year ended on 31st March, 2014 registering an increase by 14.53%.
- PBIDT increased to `189.32 Lacs from `45.10 Lacs in the previous year.
- Interest cost increased to `0.90 Lacs from `0.57 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.

THE COMPANIES ACT, 2013

The Ministry of Corporate Affairs (MCA) vide its General Circular No. 08/2014 dated 04th April, 2014 has clarified that the financial statements and documents annexed thereto, auditor's report and board's report in respect of financial year that have commenced earlier than 01st April, 2014 shall be governed by the provisions of the Companies Act, 1956 and in line with the same, the Company's financial statements, auditors report, and Board's Report and attachments thereto have been prepared in accordance with the provisions of the Companies Act, 1956. With respect to other provisions of the Act, appropriate references have been made in this report to the extent these provisions have become applicable effective 01st April, 2014.

BOARD OF DIRECTORS

Dr. R. B. Baheti, Director of the Company retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. His re-appointment as Director liable to retire by rotation is submitted to the shareholders for their approval in the ensuing Annual General Meeting.

The tenure of office of Mr. Prashant Agrawal as Managing Director was expiring on 24th November, 2013. Therefore, subject to the approval of members in the ensuing Annual General Meeting, the Board of Directors, at its meeting held on 30th October, 2013 reappointed him as Managing Director of the Company for further period of three years w.e.f. 25th November, 2013 to 24th November, 2016, without remuneration. A draft resolution along with explanatory statements as per Section 102(1) of the Companies Act, 2013 is annexed with the notice.

The Board of Directors at its meeting held on 30th October, 2013 reappointed Dr. R.B. Baheti as Non-executive Chairman of the Company, for a period of 1 year w.e.f. 01st November, 2013 to 31st October, 2014 on the same terms and conditions of the earlier appointment.

In terms of Section 149 and 152 of the Companies Act, 2013 read with Schedule IV and rules made thereunder and Clause 49 of the Listing Agreement (effective from 01st October, 2014) your Directors are seeking appointment of Mr. T. N. Anand Reddy and Mr. A. Arumugham as Independent Directors of the Company for a term of five consecutive years and not liable to retire by rotation. The Directors have given declarations to the effect that they meet the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

The Company has received Notice under Section 160 of the Companies Act, 2013 from member proposing the appointment of Mr. T. N. Anand Reddy and Mr. A. Arumugham as an Independent Directors of the Company together with requisite deposit.

Pursuant to the provisions of Section 203(1) of the Companies Act, 2013 read with Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014, the Board of Directors of the Company has re-designated Mr. Prashant Agrawal, Managing Director, Mr. S. D. Naik, Chief Financial Officer and Mr. Deepesh Kumar Nayak, Company Secretary as Key Managerial Personnel of the Company.

PERFORMANCE OF JOINT VENTURE COMPANY: STI SANOH INDIA LIMITED

STI Sanoh India Ltd manufactures double walled copper brazed steel tubes, single wall steel tubes and tubular components. In the domestic automobile market STI Sanoh India supplies to OEMs such as Maruti Udyog, Honda, Tata Motors, Bajaj Auto, Force Motors, Ashok Leyland, Hindustan Motors, Premier Auto, Toyota, Kirloskar Motors and Godrej-GE, Voltas, Videocon, BPL-Sanyo, Carrier Aircon, Electrolux in the air-conditioning and refrigeration industries. At the international level it exports to South East Asian countries and the Gulf region.

The Company's Gross Revenue for financial year 2013-14 stood at `106.51 Crore (Previous Year: `104.96 Crore). In spite of challenging business environment in the Automobile and



Refrigeration sector, the Company has performed better compared to the previous year and we expect that the performance of the Company to be better in the current year.

AUDITORS

Statutory Auditor

M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai 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. M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai have provided necessary certificate under section 139 (1) read with section 141 of the Companies Act, 2013.

Cost Auditor

As per requirement of the Central Government and pursuant to the provisions of Section 233B of the Companies Act, 1956, the audit of the cost accounts relating to the Product "Textiles" was required to be carried out every year. The Company has appointed Cost Auditor M/s R. J. Goel & Co., Cost Accountants, New Delhi, having Firm Registration No. 000026 to audit the cost accounts for the financial year 2013-2014 i.e. from 01st April, 2013 to 31st March, 2014, pursuant to approval of Central Government dated 26.07.2013.

The Cost Audit report for the year ended 31st March 2014 would be submitted to the Central Government within the prescribed timeframe.

Pursuant to Cost Audit Report Rule, due date for filling of Cost Audit Report for the year ended March 31, 2013 was September 27, 2013, which was submitted to the Central Government on 18th September, 2013.

Secretarial Auditor

As per requirements of Section 204(1) of the Companies Act, 2013, the Board of Directors of the Company appointed M/s Rao Saklecha & Co., Practicing Company Secretary, Indore to conduct Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate governance practice by the Company.

AUDITORS' REPORT

There are no specific observations in the Auditors' Report requiring specific 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.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- In the preparation of the Annual Accounts for 2013-14, the applicable accounting standards have been followed with proper explanations relating to material departures;
- 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 profit/loss of the Company for the financial year;
- 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;
- They have prepared the annual accounts on a going concern basis.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AND EMPLOYEES

Information as per Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo and Information under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure I & II forming parts of this report.

INDUSTRIAL RELATIONS AND CORPORATE GOVERNANCE

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

Your Directors are also committed to good corporate governance as a policy. A detailed report on Corporate Governance is given in the annexure which form part of this report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on corporate governance.

WHISTLE BLOWER POLICY

In compliance of the requirements of Section 177 of the Companies Act, 2013 and as a measure of good Corporate Governance practice, the Board has formulated a Whistle Blower Policy. The policy comprehensively provides an opportunity for any employee / director of the Company to raise any issue concerning breaches of law, accounting policies or any act resulting in financial or reputation loss and misuse of office or suspected or actual fraud. The policy shall provide for adequate safeguard against victimization of employees and directors who avail of vigil mechanism and also provide for direct access to the Audit Committee.

APPRECIATIONS AND ACKNOWLEDGMENTS

Your Directors would like to acknowledge the excellent support given by Bombay Rayon Fashions Limited, the Holding Company of your company, in providing the financial assistance and excellent management support and guidance at all levels of business. This has enabled the Company to run its business smoothly and effectively for the accomplishment of its objectives.

The board also places on record its deep appreciation to the financial institutions, banks, business partners, employees, central and state government authorities, stock exchanges, clients and shareholders for their support and co-operation during the year.

For and on behalf of the Board of Directors of

STI India Limited

Place: Mumbai **Dr. R.B. Baheti** Date: 30th July, 2014 Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

1. CONSERVATION OF ENERGY

- For conservation of Energy the Company has taken the following measures given here under along with benefits derived thereto:
 - Replacement of existing fluorescent type tube lights by energy efficient Wipro make LED tube lights. During the year total 325 tube lamps are replaced, the installation charges for the same are `4,40,000 and energy saving by this installation is 51,000 units per annum @ `5.40 per unit amounting to `2,75,400/per annum.
 - 2. Replacement by two sets of Energy Efficient Motors of Ring frame machines: Total installation charges are `2,66,000/-. By this installation and at 75% average working load the estimated energy saving is `1,90,000 per annum.
 - 3. We have added 1008 spindles Ring Frame (LAKSHMI) with auto doffer which is giving 10% higher productivity. By this the nos of spindles have increased by 1.48% and indirect saving of humidification & lighting energy.
- II. For reduction of consumption of energy, the Company has been reviewing various additional investment proposals from time to time mainly by way of replacement of existing equipments with modern and new energy efficient equipments.
- III. The consequentional impacts of the measures taken at (I) & (II) above are as per Form A which is given hereunder:

FORM-A

Particular	For the year ended 31st March, 2014	For the year ended 31st March, 2013
A. Power and fuel Consumption		
(I) Electricity:		
(a) Purchase		
Units (in Lacs)	379.51	404.41
Rate/unit(in`)	5.68	5.33
Total amount (in Lacs)	2156.44	2157.25
(b) Own generation (through D G Set)		
Unit	0.03	0.03
Diesel Consumed (in Lacs Ltr.)	0.02	0.02
Cost/unit(in`)	46.42	62.69
Total amount (in `Lacs)	1.50	1.94
(II) Consumption per unit production		
Production (in Kgs)	10057429	11075968
Electricity (in `Per Kg.)	3.77	3.65

Future Planning for Energy conservation (2014-15)

- (i) Replacement by LED Tube Lights in Department.
- (ii) Replacement of Rings (Indigenous) with imported Rings for 4% power saving on 10 Ring Frames.
- (iii) Replacement of old spindles with new imported spindles expecting to increased power saving and productivity by 2 to 3%.

2. TECHNOLOGYABSORPTION:

The disclosures related to Technology Absorption are given hereunder as per Form B:

FORM-B

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas where the R & D is undertaken:

- 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 / OCS);
- e) Checking regular replacement items, e.g. cots, aprons, ball & needle bearings, waxes and packing materials etc.
- f) Development of various samples of Slub yarn, Lycra Core yarn, Licot yarn, Viscose yarn, Excell yarn, Modal yarn & fabrics and making of Brochure / Album for marketing of these value added items.

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

- a) Maintaining consistency in Quality Parameters;
- 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.
- d) The brochures add up to our capability to produce various value added products in our factory and their marketability in domestic as well as foreign markets.

3. Future Action Plan (2014-2015)

- a) To further improve the quality level and maintain it;
- To facilitate manufacturing sustainable products (Organic Cotton Yarn & Fabric) and other value added products;
- c) Introduction of value added samples of injected Slub and texturised filament / texturised core yarn with
- d) Addition of 12 new LRQAX Ring Frames along with required preparatory machines is under way which will be worked at 10% high speed with the same electricity consumption.

4. Expenditure on R & D (2013-2014)

Specific expenditure of recurring or capital nature is not involved.



TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

(a) Efforts, in brief, made towards technology absorption, adaption and innovation.

The Company's In-house R&D division continuously engaged in developing, improvements in process technology in its various manufacturing sections and also hire external agency in domestic / overseas level when it find suitable.

(b) Benefits derived as a result of the above efforts, e. g. product improvement, cost reduction, product development, import substitution etc.

The continuous upgradation and adoption of new technology has benefited the Company in the form of better production process, better yields, better quality of the product and cost reduction.

(c) In case of imported technology (imported during the last 5 years reckoned from beginning of the financial year), following information may be furnished:

a)	Technology imported	Slub Devices, Amsler Tex, Switzerland Auto winding, ACX - 5, Germany
b)	Years of Import	2011-12/2012-13
c)	Has technology been fully absorbed?	Yes
	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of actions	NA

Spare parts development:

- 01. Cots buffing machine: original cots sensor has been outdated, therefore it has replaced by new type.
- 02. Vulcanizing machine: original ultra violet tube Philips makes has been outdated, therefore it has been replaced by same rating and specifications Theimer make.

We have also developed indigenous suppliers for following spares of Suessen Ring Frame and Crosrol Cards:

- a. Fan impeller of Ring frame
- b. Disc and clutch assembly of gear box of carding chute feed system

Action Plan for 2014-2015:

- a) We have dedicated one complete line for manufacturing "Viscose Yarn" in the unit throughout the year, will give high value addition and a quality bench mark in the Industry.
- We are planning to utilize the 100% knitting machines for further value addition.
- c) Planning to introduce twelve new Ring Frames with auto doffer (LR9AX) model in the year 2014-15, orders have already been placed.
- d) Developed a new shed for accommodating 10 Nos. flat Knitting Machines to meet the requirement of collar & calf knitting.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars	Financial Year 2013-2014 (`in Lacs)	Financial Year 2012-2013 (`in Lacs)
Foreign Exchange earnings:		
- FOB value of goods exported	156.42	-
C.I.F. Value of Imports:-		
Stores, Spares & HSD	25.59	74.46
- Capital Goods	-	88.34
Foreign Exchange Expenditures	:	
- Commission on Export Sales	-	-
- Foreign Traveling	1.21	2.23

ANNEXURE II TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Name	Age (Yrs)	Designation	Qualification	Experience (Yrs.)	Remuneration Received (in Lacs)	Date of Appointment	Last Designation
Dr. R. B. Baheti	68	Non-executive Chairman	M. Com & Phd. In Economics (Gold Medalist)	40	112.36	30.10.2014	Managing Director and Chairman

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

Dr. R.B. Baheti Chairman

Place: Mumbai Date: 30th July, 2014

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes in adopting and adhering to the best corporate practices and continuously evaluates it against each of such practices. The Company understands and respects its fiduciary role and responsibility to all stakeholders and strives hard to meet their expectations. We believe that the corporate governance is an important tool for shareholders protection and maximizing their longterm values.

The fundamental objective of Company's Corporate Governance is to adopt a methodology, which enhances effectiveness, better utilization of resources, transparency and harmonious relations between various interest groups. The Company has been regular in sending its quarterly compliance report on Corporate Governance to Stock Exchanges. The revamped Clause 49 of the Listing Agreement, to be effective from 1st October, 2014, strengthens the reporting requirements further.

The Corporate Governance Report in respect of the year ended 31st March, 2014 is given below:

1. Board of Directors

Procedure of Board Meeting

The Board Meetings are generally scheduled well in advance and are governed by a structured agenda. The notice of each board meeting is given in writing to each Director within the prescribed time period. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. The Board papers, comprising the agenda are circulated well in advance before the meeting of the Board.

The gap between the two meetings is not in excess of 120 days. Additional Meetings are held, whenever considered necessary. The draft minutes containing the proceedings of the Meeting of the Board, after incorporating the comments, if any, of the Directors are confirmed by the Board Members at their next Meeting and signed by the Chairman of the meeting thereafter. Senior Management Personnel are called to provide additional inputs for the items being discussed by the Board of Directors whenever necessary.

All statutory, significant and other material

information as specified in the Clause 49 of the Listing Agreement executed with the Stock Exchanges is regularly made available to the Board. The Board also reviews periodically the compliances of all laws applicable to the Company.

Board's role, functions, responsibilities and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, compliance with statutory regulatory requirements, major accounting provisions etc. are considered by the Board.

Composition and size of the Board:

The Board has strength of 7 Directors as on 31st March, 2014, out of which six are Non-Executive Directors and one is Executive Director. None of the Directors of the Company is a member of more than 10 committees or Chairman of more than 5 committees (as specified in Clause 49 of the Listing Agreement). The Chairman of the Board is Non Executive Director. All the Directors have made necessary disclosures regarding positions occupied by them in other companies. The Board is primarily responsible for the overall management of the Company's business. The composition of the Board as on 31st March, 2014 is as under:

Name of the Directors	Category	No. of other Directorship	Board Committee(s) Memberships of other Companies	
			Chairman	Member
Dr. R.B. Baheti	Non Executive, Chairman	1	-	-
Mr. Aman Agrawal	Non Executive	5	-	-
Mr. Prashant Agrawal	Executive	6	-	-
Mr. A. R. Mundra	Non Executive	2	-	-
Mr. K.N. Garg	Non Executive	3	2	4
Mr. A. Arumugham	Non Executive	2	1	2
Mr. T. N. Anand Reddy	Non Executive	=	-	-

Note: Private & Foreign Companies Directorship are excluded.

No Director is related to any other Director except Mr. Aman Agrawal & Mr. Prashant Agrawal who are brothers.

Chief Financial Officer (CFO)

The Company has appointed Mr. S. D. Naik as Chief Financial Officer (CFO) of the Company.



Number of Board Meetings held and attended by Directors

During the year 2013-14, Four Board Meetings were held on:

- (i) 10th May, 2013,
- (ii) 31st July, 2013,
- (iii) 30th October, 2013 &
- (iv) 06th February, 2014

The number of Board Meeting attended by the Directors is as under:

Name of the Directors	No. of Board Meeting	Last AGM
	attended	Attended
Dr. R.B. Baheti	4	Yes
Mr. Aman Agrawal	1	No
Mr. Prashant Agrawal	1	No
Mr. A. R. Mundra	4	No
Mr. K.N. Garg	4	Yes
Mr. A. Arumugham	1	No
Mr. T. N. Anand Reddy	3	No

Sitting Fees

Details of the Sitting fees paid to Directors during the year 2013-14 are as under:

Name of the Directors	Sitting Fees Paid (`)
Dr. R.B. Baheti	NIL
Mr. Aman Agrawal	5,500/-
Mr. Prashant Agrawal	NIL
Mr. A. R. Mundra	22,000/-
Mr. K.N. Garg	22,000/-
Mr. A. Arumugham	5,500/-
Mr. T. N. Anand Reddy	16,500/-

Code of Conduct for Board Members and Senior Management:

In terms of para 1(D) of clause 49 of Corporate Governance, the Board of Directors has laid a Code of Conduct for all the Board Members and senior management of the Company. The code of conduct is also posted on the website of the Company.

2. Board Committees

For effective and efficient functioning of the Company the Board has formed the following committees:

- (i) Audit Committee,
- (ii) Remuneration Committee (Nomenclature changed to Nomination and Remuneration Committee), and
- (iii) Shareholders / Investors Grievances Committee

(Nomenclature changed to Stakeholders Relationship Committee)

The terms of Reference and other details of Board Committees are given as under:

AUDIT COMMITTEE

Constitution of Committee

The Audit Committee of the Company was constituted in accordance with the provisions of Section 292A of the Companies Act, 1956, and in terms with Clause 49 of the Listing Agreement with Stock Exchanges. The Committee's composition also meets requirements of Section 177 of the new Companies Act, 2013 and amended Clause 49 of the Listing Agreement. The Audit Committee comprises two Independent and one Non-executive Director. All the members of the Committee possess financial/accounting expertise/exposure.

Composition of Committee and Number of Meetings attended by Members

During the year 2013-14, four Audit Committee Meetings were held on:

- (i) 10th May, 2013,
- (ii) 31st July, 2013,
- (iii) 30th October, 2013 &
- (iv) 06th February, 2014

The composition of Audit Committee and number of meetings attended by members is as under:

Name of the	Designation	No. of	No. of
Members		Meetings	Meetings
		held	attended
Mr. A. Arumugham	Chairman	4	1
Mr. T. N. Anand Reddy	Member	4	3
Mr. K. N. Garg	Member	4	4

Attendances

The Audit Committee invites Senior Executives, Statutory Auditors & Internal Auditors, whenever it considers appropriate, to be present at its meetings. Mr. Deepesh Kumar Nayak, Company Secretary of the Company acts as the Secretary of the Committee.

Sitting Fees

No Sitting Fees was paid to the Members for attending the Committee Meeting.

Role of the Audit Committee inter alia, includes the following:

• Oversee the Company's financial reporting process

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and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of statutory auditors, including cost auditors, and fixation of audit fees and other terms of appointment;
- Approving payment to statutory auditors, including cost auditors for any other services rendered by them;
- Reviewing with the management, annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by the Management;
 - Significant adjustments made in financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of related party transactions;
 - Qualifications in draft audit report;
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditors independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever necessary;
- Evaluation of internal financial controls and risk management systems;

- Reviewing with the management, the performance of statutory auditors, including cost auditors and internal auditors, adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- Discussion with internal auditors, any significant finding and follow-up thereon;
- Reviewing the finding of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board:
- Discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern:
- To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of the CFO (i.e. the wholetime Finance Director or any other person heading the finance function or discharging that function after assessing qualifications, experience and background of the candidate;
- Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/or other Committees of Directors;
- Reviewing the following information:
 - The Management Discussion and Analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of internal auditors / chief internal Auditor.
- To call for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and to

discuss any related issue with the internal and statutory auditors and the management of the Company.

Powers of the Audit Committee

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice;
- To secure attendance of outsiders with relevant expertise, if necessary.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

Constitution of Committee

The NRC (earlier known as Remuneration Committee) of the Company was constituted in terms of Clause 49 of the Listing Agreement with Stock Exchanges. The nomenclature of the Committee has changed from Remuneration Committee to Nomination and Remuneration Committee as per requirements of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement. The Committee's composition also meets requirements of Section 178 of the new Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

Composition of Committee

The NRC comprises two Independent and one Non-executive Director.

Name of the Members	Designation
Mr. A. Arumugham	Chairman
Mr. T. N. Anand Reddy	Member
Mr. K. N. Garg	Member

Meeting Details

During the year, One Remuneration Committee Meeting was held on 30th October, 2013, at which Mr. T. N. Anand Reddy and Mr. K. N. Garg were present.

The details relating to appointment and remuneration of Directors, as required under the Clause 49 of the Listing Agreement, have been given under a separate section, viz. 'Directors' Appointment & Remuneration' in this report.

Sitting Fees

No Sitting Fees was paid to the Members for attending the Committee Meeting.

Terms of Reference of the Committee, inter alia, includes the following

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal:
- To carry out evaluation of every Director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees;
- To formulate the criteria for evaluation of Independent Directors and the Board;
- To devise a policy on Board diversity;
- To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria

STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

Constitution of Committee

The SRC (earlier known as Shareholders / Investors Grievances Committee) of the Company was constituted in terms of Clause 49 of the Listing Agreement with Stock Exchanges. The nomenclature of the Committee has changed from Shareholders / Investors Grievances Committee to Stakeholders Relationship Committee as per requirements of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement. The Committee's composition also meets requirements of Section 178 of the new Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

Composition of Committee

The SRC comprises two Independent and one Non-executive Director.

Name of the Members	Designation
Mr. T. N. Anand Reddy	Chairman
Mr. A. Arumugham	Member
Mr. K. N. Garg	Member

Meeting Details

During the year 2013-14, four SR Committee Meetings were held on:

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- (i) 10th May, 2013,
- (ii) 31st July, 2013
- (iii) 30th October, 2013 &
- (iv) 06th February, 2014

Number of meetings attended by members is as under:

Name of the Members	Designation	No. of Meetings	No. of Meetings attended
		held	attended
Mr. T. N. Anand Re	eddy Chairman	4	3
Mr. A. Arumugham	Member	4	1
Mr. K. N. Garg	Member	4	4

Terms of Reference

The SRC looks into member's services like transfer/transmission of shares, Dematerialization / Rematerialization requests and various investors' complaints like - non-receipt of refund, declared dividends, etc. and takes necessary steps for redressal thereof.

The transactions in the shares and the complaints from the investors, are handled by the Registrar & Share Transfer Agent as well as the Share Department of the Company, and are being quarterly reviewed by the SRC.

The Company has appointed M/s Link Intime India Pvt. Ltd., a SEBI Registered independent agency, as Registrar & Share Transfer Agent for handling Demat as well as Physical Share Transfer and registry work of the Company.

Details of Transactions in shares and Investors Grievances

As informed by the Registrar and Share Transfer Agent, during the financial year 2013-14 seven dates for approval of Transfer / Transmission of Physical Shares were recorded. The details of these transactions were also taken on record in the Meetings of SRC. More details on the transfer of shares approved during the year are as under. The figures in the brackets are for the previous year.

Dates Recorded	No. of Cases Considered	No. of shares Transferred	
7(10)	9(67)	950 (19,741)	

During the year, there were few requests from shareholders for routine corporate actions viz., Change of Address/supply of copy of Annual Report/ Splitting/ Consolidation/ Dematerialization and Dematerialization of Shares etc. All requests were attended

promptly and no complaint was pending as at the end of the year.

According to new guidelines of SEBI, the Transfer of Demated Shares is not subjected to approval of any committee or Board of Directors and physical shares are also handled on time by the Registrar and Share Transfer Agent. However, SRC, on quarterly basis takes note of all the transactions held in shares and Stakeholders Complaints and their Grievances.

Company Secretary & Compliance Officer

Mr. Deepesh Kumar Nayak, Company Secretary and Compliance Officer, is responsible for complying with requirements of Securities Laws and Listing Agreements with the Stock Exchanges.

3. Directors' Appointment and Remuneration

(A) Director retires by rotation

Dr. R. B. Baheti, Director of the Company, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. A brief profile of Dr. R. B. Baheti is given under explanatory statement annexed with the Notice of Annual General Meeting which forms part of the Annual Report.

(B) Appointment of Managing Director

Mr. Prashant Agrawal was appointed as Managing Director of the Company by members in their 25th Annual General Meeting held on 24th December, 2010, for a period of 03 years with effect from 25th November, 2010 to 24th November, 2013, without remuneration, pursuant to the provisions of Section 198, 269, 309, 316 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act.

As per the terms of appointment, the tenure of office of Mr. Prashant Agrawal as Managing Director was expiring on 24th November, 2013. Therefore, subject to the confirmation of members in the ensuing annual general meeting and on review and recommendation of the Nomination and Remuneration Committee, the Board of Director, at its meeting held on 30th October, 2013 re-appointed Mr. Prashant Agrawal as Managing Director of the Company for further period of three years w.e.f. 25th November, 2013 to 24th November, 2016, without remuneration.

(C) Appointment of Independent Directors

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the



Companies Act, 2013 and the amended Clause 49 of the Listing Agreement.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. T. N. Anand Reddy and Mr. A. Arumugham, being eligible, offer themselves for appointment as Independent Directors on the Board of the Company. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint Mr. T. N. Anand Reddy and Mr. A. Arumugham, as Independent Directors on the Board of the Company to hold office for 5 (five) consecutive years for a term up to 31st March, 2019. A brief profile of proposed Independent Directors, including nature of their expertise, is provided under explanatory statement annexed with the notice of Annual General Meeting.

(D) Remuneration to Dr. R. B. Baheti, Chairman

The tenure of office of Dr. R. B. Baheti as Non-executive Chairman has expired on 31st October, 2013, therefore, Board at its meeting held on 30th October, 2013 extended the tenure of office of Dr. R. B. Baheti as Non-executive Chairman for further period of 1 year w.e.f. 01st November, 2013 to 31st October, 2014 on the same terms and conditions of the earlier appointment.

(E) Key Managerial Personnel

As per requirements of sub section (1) of Section 203 of the Companies Act, 2013, the Board of Directors at its meeting held on 30th July, 2014, re-designated the following officials as Key Managerial Personnel (KMP) of the Company:

01. Mr. Prashant Agrawal	(Managing Director)
02. Mr. S. D. Naik	(Chief Financial Officer)

03. Mr. Deepesh Kumar Nayak (Company Secretary)

4. General Meetings

Details of last three Annual General Meetings:

Date	Venue	Time
28th AGM	Regd. Office:	11.00 A. M.
28.09.2013	Rau-Pithampur Link	
	Road, Tehsil: Mhow,	
	District Indore	
	(M.P.) 453 332	
27th AGM	Regd. Office:	11.00 A. M.
31.07.2012	Rau-Pithampur Link	
	Road, Tehsil: Mhow,	
	District Indore	
	(M.P.) 453 332	
26th AGM	Regd. Office:	11.00 A. M.
07.09.2011	Rau-Pithampur Link	
	Road, Tehsil: Mhow,	
	District Indore	
	(M.P.) 453 332	

Details of Special Resolution(s) passed in the previous three Annual General Meetings:

Date of AGM	Particulars of Special Resolution passed thereat
26th AGM	Approval for payment of
07.09.2011	Remuneration to Dr. R.B. Baheti, Non
	Executive Director of the Company of
	Rs. 1 Crore per annum for a period of 3
	year.

5. Disclosures

Related Party (ies) Transactions

The Company has entered into transactions with the related parties that may not have any potential conflict with the interests of the Company. The details of such transactions are forming part of "Notes to Accounts & Accounting Policies" attached to the Annual Accounts of the Company.

Compliances by the Company

During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI on any matter. The Company has fairly complied with the requirements of the Companies Act, Stock Exchanges, SEBI and other Act. The Shares of the Company are traded on the Bombay Stock Exchange Ltd., Mumbai (BSE) and National Sock Exchange of India Ltd., Mumbai (NSE).

Public Deposit

The Company has not accepted any Public Deposit under the Companies Act, 1956 as well as under Companies Act, 2013.

CFO/CEO Certificate and Declaration

The CFO / CEO certification and declaration as stipulated under Clause 49 of the Listing Agreement are annexed.

Compliance Certificate of the Auditor

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 (VIII) of the Listing Agreement and the same is annexed.

Audit Qualification

There are no audit qualifications in the Company's financial statements for the year under review.

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Compliance Report

The Board periodically reviews the compliance of all applicable laws and gives appropriate directions, wherever necessary.

6. Means of Communication

- Full Annual Report is sent to each Shareholder every year at his or her registered address regularly;
- The Company has been regularly sending quarterly/half-yearly/ annual financial results to the Stock Exchanges immediately after approved by the Board.
- The quarterly results are published regularly in one Hindi and one English Newspaper having circulation in the region where the Registered Office of the Company is situated;
- The quarterly financial results and Annual Report are also sent to Financial Institutions/ Analysts/ Institutional Investors on demand;
- The Management Discussion and Analysis Report forms a part of the Annual Report.

7. General Shareholders Information

Dates of Board Meetings for consideration of Annual Accounts	05th May, 2014 : Consideration and Approval of Balance Sheet, Profit and Loss Accounts, Cash Flow, Notes on Accounts and Policies.	
	30th July, 2014: Consideration and Approval of Notice, Directors Reports, Corporate Governance Report, Managements Discussion and Analysis Report etc.	
Date, Time and Venue of 29th Annual General Meeting	Date: Monday, the 29th September, 2014 Time: 11.00 A. M.	
Wiccumg	Venue: Registered Office of the Company	
Last date for receipt of Proxy Form(s)	Saturday, the 27th September, 2014 before 11.00 A. M. at the registered office of the Company.	
Financial Calendar	01st April, 2013 to 31st March, 2014	
Date of Book Closures	Monday, the 22nd September, 2014 to Monday, the 29th September, 2014 (both days inclusive)	
Registered Office and Works	Rau-pithampur Link Road, Tehsil : Mhow, Distt: Indore, PIN -453 332 (M.P.) India.	

Listing on Stock Exchanges	(1) National Stock Exchange of India Limited; and (2) Bombay Stock Exchange Limited. The Company has paid Annual Listing fees for financial year 2014-2015 to both the Stock Exchanges.
Stock Code	NSE: STINDIA BSE: 513151
Tentative calendar of Board Meetings for the financial year 2014-15	For the quarter/half year/year ended on: 30th June, 2014, on or by 14th August, 2014. 30th September, 2014 on or by 14th November, 2014. 31st December, 2014 on or by 14th February, 2014. 31st March, 2015 on or by 30th May, 2015.
ISIN	INE 090C01019
Corporate Identification Number (CIN)	L27105MP1984PLC002521

8. Market Price Data

The monthly high and low quotations of shares traded on the BSE Limited and National Stock Exchange of India Limited as follows:

Month	Bombay Stock Exchange		National Stock Exchange			
		Ltd. (BSE)		of India Ltd. (NSE)		
	High	Low	No. of	High	Low	No. of
	(`)	(`)	shares	(`)	(`)	shares
			traded			traded
April, 13	18.80	17.90	156	16.00	14.00	346
May, 13	17.05	17.05	206	NIL	NIL	NIL
June, 13	17.00	16.20	121	15.60	14.50	700
July, 13	16.20	12.65	304	NIL	NIL	NIL
August, 13	NIL	NIL	NIL	NIL	NIL	NIL
September, 13	13.22	11.94	460	NIL	NIL	NIL
October, 13	11.35	11.35	95	NIL	NIL	NIL
November, 13	11.00	7.72	1930	14.85	14.85	160
December, 13	7.72	6.31	1771	14.15	13.45	210
January, 14	6.66	5.80	722214	12.80	12.80	25
February, 14	6.30	4.59	374656	12.20	12.20	100
March, 14	6.85	4.59	9854	11.60	11.60	25
	Total		11,11,767			1,566

9. Registrar and Share Transfer Agent

For Shares held in Depository Mode

The Company has engaged the services of Link Intime India Pvt. Ltd., Mumbai, as Registrar & Share Transfer Agent (RTA) for providing national connectivity to deal in



shares in depository mode. Their address for communication is as under:

Link Intime India Private Limited

Registrar and Share Agent Unit: STI India Limited

C-13, Pannalal Silk Mills Compound, L.B.S. Marg,

Bhandup (W), Mumbai- 400 078 Ph. No. : 022-25946970, 25963838,

Fax No.: 022-25946969

E-mail: rnt.helpdesk@linkintime.co.in

For Shares held in Physical Mode

As per SEBI directives with effect from 01st March, 2003, Link Intime India Pvt. Ltd. also handles the transfer of shares in physical mode. All the correspondence with regard to share transfers, change of address, nomination etc. are to be addressed to the Share Transfer Agent i.e. Link Intime India Pvt. Ltd. at their Mumbai address. The Demat request as well as request for transfer/transmission may primarily be sent to the Registrar and Share Transfer Agent as above.

Investors Help-Desk

Requests or complaint in other matters such as Unpaid/Unclaimed Dividend/Debenture Interest/Debenture Redemption, Change of Address, Splitting of Shares or Conversion of Debentures, copy of Annual Report can also be sent to Company's Secretarial Dept., at Rau-Pithampur Link Road, Tehsil Mhow, Dist. Indore -453 332 (M. P.) India, Email: share3@stitextile.net.

Compulsory Dematerialized Trading

As the Shareholders are aware the Securities and Exchange Board of India (SEBI), has included equity shares of the Company for compulsory dematerialized trading for all investors with effect from 24th July, 2000. The Company has already entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable Members of the Company to select the depository of their choice for holding and dealing in shares in electronic form. The shareholders may also note that 98.22% holding of the Company has already been dematerialized. The shareholders are requested to make use of such facility for maximizing their convenience in the dealing of Company's shares. The ISIN (International Securities Identification Number) of the Company is INE 090C01019.

Dematerialization of Shares as on 31st March, 2014 is as follows:

Mode of Holding	No. of Shares Held	% of Shares
NSDL	2,79,10,702	96.25
CDSL	5,72,744	1.97
Total Demat Holding	2,84,83,446	98.22
Physical Holding	5,16,554	1.78
Total Shareholding	2,90,00,000	100.00

Names of Depositories in India for Dematerialization of Equity shares

National Securities Depository Limited. (NSDL)
Central Depository Services (India) Limited. (CDSL)
Annual Custody fees for the financial year 2014-15 have been paid.

Share Transfer System

All shareholders' complaints / request received have been cleared within the financial year. The complaints are generally replied within 15 days from their lodging with the Company. The investors/members may write for their queries to Shares Department of the Company and the Registrar and Share Transfer Agent

The new Certificates after registering transfer / transmission are returned within 15 days period except in the cases that are constrained for technical reasons.

10. Distribution of Shareholders

Distribution of Shareholding as on 31st March, 2014:

Shareholding of	No. of	% of	Shares	% of
Shares	Share holders	Total		Total
1 to 500	5,036	91.88	81,16,59	2.80
501 to 1000	284	5.18	24,25,60	0.84
1001 to 2000	87	1.59	14,27,80	0.49
2001 to 3000	23	0.42	6,08,79	0.21
3001 to 4000	5	0.09	1,97,50	0.07
4001 to 5000	14	0.26	6,73,17	0.23
5001 to 10000	14	0.26	10,46,67	0.36
10001 and above	18	0.32	27,55,03,88	95.00
Total	5481	100	29,00,00,00	100

Categories of Shareholders as on 31st March, 2014 (As per Clause 35 of the Listing Agreement):

Sr. No.	Category	No. of Shareholders	No. of Shares	% of Shares
1	Promoters	1	2,17,50,000	75.00
2	Mutual Funds and UTI	2	300	0.00
3	Foreign Institutional Invest	ors 3	53,17,622	18.34
4	Private Corporate Bodies	84	3,32,380	1.15
5	Clearing Members	14	36,937	0.13
6	NRI's	282	98,096	0.34
7	Public	5,095	14,64,665	5.04
	Total	5,481	2,90,00,000	100.00

11. Whistle Blower Policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has formulated a whistle blower policy which comprehensively provides an opportunity for any employee / director of the Company to raise any issue concerning breach of law, accounting policies or any act resulting in financial or reputation loss and misuse of office or suspected or actual fraud. The policy also provides for mechanism to report such concern to the Audit Committee through specified channels.

The policy will be periodically communicated to the employees and also posted on the Company's website. The Whistle Blower Policy complies with the requirements of Vigil Mechanism as stipulated under Section 177 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

12. Internal Complaints Committee

The Company is known for developing unique and healthy human development and management policies and their implementation in fair and transparent manner. Considering our responsibility towards employees as well as society and in view of the present scenario of the country wherein number of cases of sexual harassment against women are coming in to light, the Company realizes its social responsibility in ensuring safe environment at the work place free from sexual harassment to its female employees.

Accordingly, your Company has formulated an "Internal Complaints Committee (ICC)" as per the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013, that will ensure a work environment free of all forms of sexual harassment – verbal, written, physical, visual or otherwise.

The Committee is formed as per the statute and the majority of members of the Committee are woman employees including Mr. Mukund Kulkarni who is a prominent social worker from leading NGO "Abhyas Mandal". The sole objective of the Committee is to address cases of sexual harassment against women properly and judiciously. The

Committee lays down the whole procedure of filing complaints, enquiry, redressal of grievance and taking action against those who are found guilty by the Committee in a fair and transparent manner.

During the year under review, no incident of sexual harassment was reported.

13. Outstanding Debentures

The Company had issued 3,21,80,000 Optionally Convertible Debentures (OCDs) to Overseas Private Investors (OPIs) in the financial year 2006-07. On 27th October, 2010 OPIs has transferred said 3,21,80,000 Debentures to Bombay Rayon Fashions Limited (BRFL).

Except the above, the Company does not have any other Debentures / GDRs/ADRs/Bonds / Warrants.

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

Place: Mumbai **Dr. R. B. Baheti** Date: 30th July, 2014 Chairman

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CFO CERTIFICATE

- I, S. D. Naik, Chief Financial Officer of STI INDIA LIMITED, to the best of my knowledge and belief, certify that:
- a) I have reviewed the financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transaction entered into by the Company during the year which is fraudulent, illegal or violate Company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d) I have indicated to the auditors and the Audit committee -
 - (i) Significant changes in internal controls over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have also been disclosed in the notes to accounts to the financial statements; and
 - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Mumbai Date: 30th July, 2014 **S. D. Naik** Chief Financial Officer

Declaration on the Compliance of the Company's Code of Conduct

To,

The Members STI India Limited

The Company has framed a specific code of conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with the Stock Exchange to further strengthen corporate governance practices in the Company.

All the Members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said code of conduct in so far as it is applicable to them and there is no non compliance there of during the year ended March 31, 2014.

Place: Mumbai Date: 30th July, 2014

Prashant AgrawalManaging Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To, The Members of STI India Limited

- 1. We have examined the compliance of conditions of Corporate Governance by STI India Limited, for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.
- 2. The compliance of conditions of corporate governance is responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- 3. In our opinion and to the best of our Information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
- 4. We state that as per the records maintained by the company, no investor grievance is remaining pending for a period exceeding 15 days.
- 5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For V. K. BESWAL & ASSOCIATES

Chartered Accountants

CA K. V. BESWAL

Partner Membership Number - 131054 Firm Regn. No.: 101083W

Place: Mumbai Date: 30th July, 2014

Management Discussion and Analysis 2013-14

Economic Outlook

The global economy got off to a bumpy start this year buffeted by poor weather in the United States, financial market turbulence and the conflict in the Ukraine. As a result, global growth projections for the year ended 2014 as a whole have been marked down from 3.2 percent in January to 2.8 percent till March, 2014.

In financial year 2013-2014, India's GDP growth rate moderately increased to 4.9% as compared to 4.5% in 2012-2013. This was accompanied by some easing in the inflation rate. However, high interest rates, a depreciated currency and uncertainty due to elections have led to deceleration in the economic recovery.

India is likely to grow by 5.6 % in 2014-15 against a projected growth of less than 5 % in the current fiscal, a report by India Ratings and Research has said.

Industry Structure and Development

India is the one of the world's largest producers of textiles and garments. Abundant availability of raw materials such as cotton, wool, silk and jute as well as skilled workforce have made the country a sourcing hub. It is the world's second largest producer of textiles and garments. The Indian textiles industry accounts for about 24 per cent of the world's spindle capacity and 8 per cent of global rotor capacity. The potential size of the Indian textiles and apparel industry is expected to reach US\$ 223 billion by 2021, according to a report by Technopak Advisors.

The textiles industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes about 14 per cent to industrial production, 4 per cent to the gross domestic product (GDP), and 27 per cent to the country's foreign exchange inflows. It provides direct employment to over 45 million people. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the India's economy.

Cotton Scenario

Cotton yarn production increased by about 10 per cent during FY 2013-14. Blended and 100 per cent non-cotton yarn production increased by 8 per cent during FY 2013-14.

Cloth production by mill sector registered a growth of 9 per cent in the month of February 2014 and of 6 per cent during the year 2013-14.

Cloth production by power loom and hosiery increased by 2 per cent and 9 per cent, respectively, during February 2014. The total cloth production grew by 4 per cent during February 2014 and by 3 per cent during the year 2013-14.

Textiles exports stood at US\$ 28.53 billion during the year as compared to US\$ 24.90 billion during the corresponding period of the previous year, registering a growth of 14.58 per cent. Garment exports from India are expected to touch US\$ 60 billion over the next three years, with the help of government support.

Company Structure and Developments

STI India Limited (STI) is situated amidst the cotton growing belt of Madhya Pradesh having 69024 Spindles (68016 in 2012-13) and 31 Knitting Machines and producing Spun Yarn and Knitted Fabric. The Company is doing 100% Job Work for Bombay Rayon Fashions Limited, the Holding Company of the Company.

The turnover of your company stood at `5572.80 Lacs as against `4865.95 Lacs in financial year ended on 31st March, 2014 registering an increase by 14.53%. The turnover of the Company is showing an increase as compared to corresponding year 2012-13.

Opportunities/Threats/Risks/Concerns

In developing countries, policy tightening and economic adjustment produced by volatility in global financial markets over the past year has reduced short term risks and helped diminish external and domestic imbalances.

But inflation remains stubbornly high in several middle-income economies and real interest rates extremely low, indicating the need for further monetary tightening. While fiscal policy is in general not a problem in itself, deficits and debt to GDP ratios have been rising and policy should be tightened in a number of countries to ensure resilience going forward.

After stunning the world by clocking over 10 percent growth on average for the last three decades, China took the bold step last year to wean itself off burgeoning credit and investments and instead change track to increase domestic consumption. As a result, its growth rate has steadily dipped, thereby affecting the economies of fellow countries as well.

The textile business, like other businesses, is susceptible to various risks. The primary risk factor is raw material prices, mainly cotton which is the largest component of cost. Since cotton is an agricultural produce, it suffers from climatic volatility in the major cotton producing countries.

Other factors like shortage of skilled workers coupled with lack of uninterrupted power, high transaction cost, high cost of labor are hindering the progress.

However, we are making all our efforts to cope with all these challenges by continuous efforts at cost reduction and modernization.

Opportunities and Threats

There is good scope for growth for the textile industry as India's share in the global trade in textiles is weak compared to other countries. The free trade environment is a great opportunity for the Indian textile industry to increase its share in the global market. Chinese exports are slowing down on account of various factors inclusive of increase in domestic demand and rising costs. This is a good opportunity of which our textile industry should make use but smaller countries like Bangladesh, Sri Lanka, Pakistan, Turkey and Vietnam etc. are becoming

formidable challengers. Lack of uninterrupted power, increased power costs, higher transaction costs and high cost of labour is hindering the progress. However, we are making all out efforts to cope with all these challenges by continuous efforts at cost reduction, process improvements, diversification of products and improving productivity by improving efficiencies.

Despite of the adverse market conditions prevailing in various businesses in which the Company operates, the overall performance of the Company during the year has marginally improved compared to that of the previous year.

Future Outlook

The immediate outlook for the industry in which the company is operating is enthusiastic. It is expected that the economy should grow in coming years and the demand for and prices of textile, cement and paper should improve which will enable the company to regain steady or better performance.

Segment-wise or Product-wise Performance

The Company is engaged in the business of manufacturing of Spun Yarn and accordingly this is the only single reportable segment.

Internal Control System and their Adequacy

The Company has a proper and adequate system of internal controls to ensure that all assets are safe guarded and protected against loss from unauthorized use or disposition, and the transactions are authorized, recorded and reported correctly. The internal control systems of the Company comprises of Statutory Audit, Cost Audit and Internal Audit. The work of all the audits have been assigned to reputed, external, independent and qualified firms.

The Audit Committee periodically reviews the adequacy and effectiveness of the internal controls and suggests improvements so that the internal controls system be strengthened further with commensurate growth and size of the Company and concentrated its efforts to improve the system in such a way that the financial and other data should be reliable while preparing the financial statements in accordance with the applicable laws and that every transactions whether it is a financial nature or any other must describe its true nature.

Human Resource Management / Health and Safety Measures

Employees are the key to achievement of the Company's objective and strategies. The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Various HR initiatives are taken to align the HR Policies to the growing requirement of the business by building trust, instilling loyalty and coaching for results where best employees want to work. In our business context, the employees undergo various training programmes including management development programmes to upgrade their professional, inter-personal and management skills, covering the entire spectrum of employees. Technical and safety training programmes are also conducted periodically. Our

relationship with the employees continues to remain cordial and harmonious throughout the year.

Total employees' strength of the Company as on 31st March, 2014 was 1220 (1231 as on 31st March, 2013) including 285 (263 as on 31st March, 2013) female employees.

Your Company is fully committed to the safety, health and well-being of its employees and to minimizing the environmental impact on its business operations. The Company has a range of policies, including on quality, safety and health aspects to guide the employees for better work practices, actions and decisions. The Company strives to continuously improve the effectiveness of its policies and the employees are encouraged to contribute their mite in this direction. All employees are obliged to ensure that they fully understand and accept all policies and that they do fully comply with the requirements.

Environment and Safety

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

Cautionary Statement

Certain statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Forward-looking statements are identified in this report by using words like 'anticipates', 'believes' 'expects', 'intends', and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcome and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on "Risk Management'. The Company assumes no responsibilities in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

INDEPENDENT AUDITORS' REPORT

To,

The Members of STI India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of STI India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 ("the Act") accounting standards notified under the Companies Act, 1956 ("the Act") read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by

management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
 - 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;
 - In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

For V. K. Beswal & Associates Chartered Accountants

> CA K. V. Beswal Partner Membership No. 131054 Firm Regn. No. 101083W

Place: Mumbai Date: 05th May, 2014

Annexure to the Auditor's Report even date

(Referred to in paragraph 1 thereof)

- 1. In respect of Fixed Assets:
 - a) The Company has maintained proper records showing full particulars, quantitative details and situation of its fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies were noticed by the management on such verification.
 - c) Based on our scrutiny of the records of the company and the information & explanation received by us, we report that there were sale of fixed assets during the year but the fixed assets disposed off did not constitute a substantial part of the fixed assets of the company.

2. In respect of Inventories:

- a) As explained to us physical verification of inventories has been conducted during the year by the management at reasonable intervals.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
- In respect of loans, secured or unsecured granted or taken by the Company to/from the companies, firms or other parties covered in the register maintained under Section 301 of the companies Act, 1956:
 - a) During the year Company has not granted any loans to parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b) In view of our comments above, clause 4 (iii) (b), (c) & (d) of the said order is not applicable to the company.
 - c) During the year Company has taken loans from 1 party covered in the register maintained under Section 301 of the Companies Act, 1956 and the maximum amount outstanding during the year and the year-end balance is `975 lacs.
 - d) In our opinion and according to the information and explanations given to us, the terms and conditions, are not prima facie prejudicial to the interest of the Company.
 - e) In respect of the said loans, the same are repayable over a period of 5-7 years.
 - f) In respect of the said loans there is no overdue amount.
- 4. In our opinion and according to the information and

- explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and fixed assets. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct weaknesses in the aforesaid internal control system.
- 5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a) In our opinion and according to the information and explanations given to us the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in to the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices, which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- 6. According to the information and explanations given to us, the Company has not accepted any deposits from public.
- 7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
- 8. As per the information and explanations provided to us, we are the opinion that in pursuant to the prescribed rules by Central Government, the company had maintained cost records u/s. 209(1) (d) of the Companies Act, 1956, however we have not done a detailed examination of the same.

9. In respect of Statutory Dues:

- a) According to record of the Company produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it.
- b) According to the information and explanations given, no undisputed amounts payable in respect of Income-Tax, sales tax, wealth tax, service tax, customs duty, excise duty/cess were outstanding as at 31.03.2014 for a period of more than six months from the date they became payable except as given below:-

Ø

Statement of Arrears of statutory dues outstanding for more than six months as at 31st March 2014:

S. No.	Nature of the Dues	Amount (`in lacs)	Period to which amount relates
1	Central Sales Tax	3.87	1995-96
2	Central Sales Tax	12.65	1997-98
3	Entry Tax	11.40	1996-97
4	Entry Tax	4.04	1997-98
5	Madhya Pradesh Sales Tax (M.P.S.T	8.39	1997-98
	Total	40.35	

Interest amount on the above dues (S. No 1 to 5) as on 31st March 2014 is $^{\circ}$ 79.94 lacs.

(c) According to the records of the company there are no dues of Income-Tax, sales tax, wealth tax, service tax, customs duty, excise duty/cess which have not been deposited on account of any dispute except as given below:

Nature of the Act	Nature of the Dues	Amount (`In Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act,1956	Central Sales Tax	63.00	1995-96	Writ Petition filed in M.P. High Court.
Central Sales Tax Act,1956	Central Sales Tax	1.43	2004-05	Appeal filed in M.P. Commercial Tax Appellate Board Bhopal
Central Excise Act, 1944	Excise Duty	27.03	September 2004	CESTAT, New Delhi
Central Excise Act, 1944	Excise Duty	65.49	March 2004 to September 2004	In the High court of M.P
Central Excise Act, 1944	Excise Duty	11.02	2007-08 & 2008-09	Additional Commissioner, of Central Excise Indore
Income Tax Act, 1961	Income Tax	7.00	2004-05	CIT (Appeals) Indore
Total		174.97		

- 10. The accumulated losses of the Company have exceeded fifty percent of its net worth as at 31/03/2014. The company has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- 11. As per the information and explanations given to us the company has not obtained any loan from banks & financial institution. Hence, comments under the clause are not called for.
- 12. According to the information and explanations given to us the company has not granted any loans and / or advances on the security by way of pledge of shares, debentures and other securities.
- 13. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is neither a Chit Fund nor a nidhi/mutual benefit society. Hence, in our opinion, the requirements of para 4 (xiii) of the Order do not apply to the company.
- 14. As per records of the company and information and explanations given to us by the management, company is not

- dealing or trading in shares, securities, debentures and other investments.
- 15. The company has given Corporate guarantees in connection with loan taken by holding company from banks. The terms and conditions of the guarantees given are not prejudicial to the interest of the company.
- 16. According to the records of the Company, the Company has not obtained any term loans during the year. Hence, comments under the clause are not called for.
- 17. According to the information and explanations given to us and, on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the company.
- 18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- 19. During the period covered by audit report the company has not issued any debentures.
- During the year the company has not raised any money by way of public issue.
- 21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **V.K. Beswal & Associates**Chartered Accountants

CA K.V. Beswal Partner M. No. 131054 Firm Registration No.: 101083W

Place: Mumbai Date: 05th May, 2014

Balance Sheet as at 31st March, 2014				
PARTICULARS		Note No.	31st March, 2014 (`in Lacs)	31st March, 2013 (`in Lacs)
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital		1(b)	2900.00	2900.00
Reserves and surplus		2	(4725.69)	(4058.92)
			(1825.69)	(1158.92)
Non-current liabilities				
Long-term borrowings		3	12247.00	12247.00
Current liabilities			12247.00	12247.00
Trade payables		4	210.56	311.57
Other current liabilities		5	451.49	330.05
Short-term provisions		6	125.55	86.84
Short-term provisions		U	<u></u>	728.46
TOTAL			11208.91	11816.54
A COPPEG				
ASSETS				
Non-current assets		_		
Fixed assets:		7		
Tangible assets			7679.53	8831.23
Intangible assets			0.20	0.26
Capital work-in-progress			<u>157.49</u> 7837.22	<u>179.32</u> 9010.81
Non-current investments		8	1199.93	1199.93
Deferred tax assets (net)		9	1301.40	918.07
		10	366.73	369.49
Long-term loans and advances		10	$\frac{300.75}{10705.28}$	11498.30
Current assets				
Inventories		11	169.45	125.37
Trade receivables		12	104.91	15.52
Cash and cash equivalents		13	3.53	4.01
Short-term loans and advances		14	66.79	59.05
Other current assets		15	<u>158.95</u>	114.29
			503.63	318.24
TOTAL			<u>11208.91</u>	11816.54
Notes are integral part of the balance sheet & profit &	loss account.	1(a)		
As per our report of even date			For and on behalf of I	Board of Directors of
For V.K.Beswal & Associates			STI India Limited	
Chartered Accountants			Dr.R.B.Baheti	
C.A. K.V. Beswal			Chairman	
Partner	Deepesh Kumar Nayak			
M. No. 131054 Firm Reg No.:101083W	Company Secretary		Prashant Agrawal	
			Managing Director	
DI W I			S.D.Naik	
Place: Mumbai Date: 05 th May, 2014			Chief Financial Offic	er
Dute . 05 1414y, 2017			Place : Indore	
			riace . Illuore	



		2) III III III III III	E
Statement of Profit & Loss A/c for the year ended 31st Marc	ch, 2014		
PARTICULARS	Note No.	31st March, 2014 3 (`in Lacs)	1st March, 2013 (`in Lacs)
INCOME:			
Revenue from Operations	16	5572.80	4865.95
Other income	17	59.65	103.17
Total Revenue		5632.45	<u>4969.12</u>
EXPENDITURE:			
Cost of raw materials consumed	18	0.46	-
Purchases of traded goods	19	543.28	-
Changes in inventories of finished goods, work-in-progress and waste	20	(21.51)	10.46
Employee benefits expenses	21	1526.70	1412.48
Finance costs	22	0.90	0.57
Depreciation and amortization expenses		1238.46	1238.24
Other expenses	23	3388.24	3499.92
Total Expenditures		6676.53	6161.67
Profit /(Loss) before extraordinary items and tax		(1044.08)	(1192.55)
Extraordinary Items :			
Prior year adjustments		5.96	1.16
Profit /(Loss) before tax		(1050.04)	(1193.71)
Tax expenses :			
Current tax		0.06	0.11
Deferred tax		(383.33)	(261.11)
Profit /(Loss) for the period		<u>(666.77)</u>	(932.71)
Earnings per equity share: Basic & Diluted (in `)		(2.30)	(3.22)
Notes are integral part of the balance sheet & profit & loss account.	1(a)		
As per our report of even date For V.K.Beswal & Associates		For and on behalf of Bo STI India Limited	ard of Directors of
C.A. K.V. Beswal		Dr.R.B.Baheti Chairman	
Partner M. No. 131054 Firm Reg No.:101083W Deepesh Kumar Nayak Company Secretary		Prashant Agrawal Managing Director	
Place : Mumbai Date : 05 th May, 2014		S.D.Naik Chief Financial Officer	
Date . 03 17thy, 2017		Place : Indore	

Ca	sh Flow Statement for the year en	ueu 51 March, 2014		
	PARTICULARS		31st March, 2014 (` in lacs)	31st March, 2013 (`in lacs)
A.	CASH FLOW FROM OPERATING AC	TIVITIES		
	Net Profit / (Loss) before Tax and after H		(1050.04)	(1193.71)
	Adjustment For:			
	Depreciation		1238.46	1238.24
	Interest & Finance charges		0.90	0.57
	Interest received		(25.47)	(26.30)
	Profit (-) / Loss (+) on sale of Assets Operative Profit before Working Capita	l Changes	<u>0.11</u> 163.96	(0.81) 17.99
	Adjustment For:	<u>i Changes</u>	103.90	17.99
	Trade and Other Receivables		(107.53)	1.78
	Inventories		(44.08)	3.20
	Trade & Other payable		59.14	(54.79)
	Cash Generation from Operations		71.49	(31.82)
	Direct Taxes		(34.28)	(4.36)
	Net Cash Flow from operating activities		<u>37.21</u>	(36.18)
D	CASH ELOW EDOM INVESTING ACT			
ь.	CASH FLOW FROM INVESTING ACT Purchase of Fixed Assets and Others	HIVITIES		
	Capital Expenditure		(62.29)	(319.59)
	Sale of Fixed Assets		0.03	4.11
	Interest Received		25.47	26.30
	Net Cash used in investing activities		(36.79)	(289.18)
C.	CASH FLOW FROM FINANCING AC	TIVITIES		
	Proceeds from Long Term Borrowings		_	250.00
	Decrease In working Capital loans		-	-
	Interest on Term loans & Others		(0.90)	(0.57)
	Net Cash used in financing activities		(0.90)	249.43
	Net Change In Cash And Cash Equilants (A	A+R+C)	(0.48)	(75.93)
	Cash and Cash Equivalents (Opening)	11210)	4.01	79.94
	Cash and Cash Equivalents (Closing)		3.53	4.01
No	es: 1. Figures in brackets represent cash ou	tflows.		
	2. Previous year figures have been regre	ouped wherever necessary.		
	per our report of even date			Board of Directors of
	V.K.Beswal & Associates		STI India Limited	
CII	refed Accountants		Dr.R.B.Baheti	
	. K.V. Beswal		Chairman	
Part	ner No. 131054	Deepesh Kumar Nayak	Dunghaut Aguarral	
	n Reg No.:101083W	Company Secretary	Prashant Agrawal Managing Director	
			S.D.Naik	
	e : Mumbai		Chief Financial Offi	cer
Dat	e: 05 th May, 2014		DI * '	
			Place : Indore Date : 05 th May, 20	14
			Date . 05 Way, 20	± 1

NOTE NO.- 1 (a) SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2014

(1) SIGNIFICANT ACCOUNTING POLICIES

(I) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. The accounts are prepared on historical cost basis as a going concern and are consistent with generally accepted accounting principles.

(II) SIGNIFICANTACCOUNTING POLICIES

a. Revenue Recognition

- Domestic sales of finished goods and scraps are accounted for on dispatch of goods to customers. Gross Sales are net of sales returns.
- Export sales are accounted for on the basis of dates of Bill of Lading.
 - Gross Sales are inclusive of incentives / benefits and net of sales returns.
- Revenue from Job work is recognized when services are rendered.

b. Fixed Assets:

Fixed assets are stated at cost of acquisition less depreciation. Cost includes taxes, duties, freight, installation and other direct or allocated expenses up to the date of commercial production and net of CENVAT credit and Subsidy received, if any.

c. Depreciation on Fixed Assets:

- Depreciation on Fixed Assets is provided on 'Straight Line Method' at rates prescribed in Schedule - XIV to the Companies Act, 1956.
- (ii) Depreciation on lease hold land & Site development is being amortized on the basis of life of the assets.
- (iii) Depreciation on fixed assets added /disposed off during the year is provided on prorata basis.

d. Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account as and when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

e. Investments:

Current investments are carried at the lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

f. Inventories:

Inventories are valued as under:-

Raw Materials	At Cost
Work-in-Process	At Cost
Finished Goods	At lower of cost or net realisable value.
Stores and Spare	At Cost.
Cotton Waste	At estimated net realisable value.

Cost of Work in Process and Manufactured Goods includes material, labour & other appropriate overheads wherever applicable.

g. Foreign Currency:

Transactions in foreign currencies are recorded at the exchange rates notified by CBEC or at the exchange rate under related forward exchange contracts. The realized exchange gains / losses are recognized in the Profit & Loss account. All foreign currency current assets and liabilities are translated in rupees at the rates prevailing on the date of balance sheet.

h. Employee Benefits

- Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (ii) Post employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized based upon the premium amount determined by LIC Group Gratuity Scheme.
- (iii) Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of leave encashment have been provided on the basis of actuarial valuation, using projected unit credit method, as at the balance sheet date.

i. Taxation

- (i) Provision for current tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by applying the tax rates as applicable.
- (ii) Deferred tax is recognised subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

j. Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

k. Provisions, Contingent Liabilities and Contingent

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that

Ø

STI India Limited

there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1. Expenditure during construction period

The expenditure incurred and attributable interest & financing costs incurred prior to commencement of commercial production including Trial Run Expenses in respect of new project & substantial expansion of existing facilities are capitalised.

2. CONTINGENT LIABILITIES NOT PROVIDED FOR:

		(`In Lacs)
S. N. Particulars	As at 31.03.2014	As at 31.03.2013
(i) Claims against the company towards	490.32	490.32
energy charges on Captive Generation.		
(ii) Estimated Interest amount payable on	79.94	72.68
confirmed demand for sales and entry t	tax	
(iii) Liability towards M/s Maharashtra Sta	ite 73.82	73.82
Cotton Grower Mktg. Federation on ac	count	
of pending dispute under court of law.		
(iv) Disputed Sales Tax/Entry Tax Demand	ds 64.43	64.43
(v) Demand towards Show Cause Notice	11.02	11.02
Issued by Additional commissioner of		
Central excise in the matter of wrong		
availment of cenvat on packing materia	al	
used in packing of cotton waste,		
amount inclusive of penalty.		
(vi) Demand towards Show Cause Notice I	ssued 65.49	65.49
by Excise Department for charging		
Additional Customs Duty, including po	•	
on the import of HSD on account of wh	nich	
dispute is pending in high court		
(vii) Demand towards Show Cause Notice I	ssued 27.03	27.03
by Excise Department for charging		
Additional Custom Duty ,including pe	•	
on the import of HSD on account of wh	iich	
dispute is pending under Appeal		
(viii) Disputed Income tax demand	7.00	7.00
(ix) Claim of Gujarat State Co-operative	10384.84	10384.84
Cotton Federation Limited (GUJCOT)		
cotton supplies, interest, carrying charge	-	
etc. disputed and not acknowledged by	y the	
Company. (Refer note No. 4)		

3. Capital Commitments:

Estimated amount of Capital Contracts remaining to be executed (net of advances) is `730.01 Lacs. (P.Y. `840.69 Lacs)

- 4. a) The Hon'ble BIFR Bench, vide order dated 1st November, 2010 while accepting the report of Operating Agency directed the company to incorporate the dues of GUJCOT in Draft Rehabilitation Scheme (DRS).
 - b) The Company has preferred an appeal against the said order before Appellate Authority for Industrial & Financial Reconstruction (AAIFR) and the AAIFR vide their order dated 6th April, 2011 directed that impugned directions passed by the BIFR shall be subject to the final

- order passed by AAIFR in the Appeal.
- c) In the final hearing dated 29th April, 2013 the AAIFR agreed with the submissions of the Company and remanded the case to BIFR with a direction to hear matter on the points raised in appeal before AAIFR. The hearing was scheduled on 25th March, 2014. However the same was not heard as the bench did not function on the said date. No further date of hearing has been notified.
- 5. The Board of Directors at its meeting dated 25th November, 2010 has taken note of the Report of Independent Chartered Accountant firm elaborating the details of certain financial transactions of the Company. The Board has directed to take necessary action in this regard. As directed by the board, the efforts are being made for recovery of dues and issued legal notices to respective parties. There is no ascertainable effect on the financials except some non-recoverable advances for which provisions have already been made in the books & charged to Profit & Loss Account.

6. Managerial Remuneration

The remuneration paid to non executive chairman is subject to approval of Central Government for which application has been filed on 04.10.2011 followed by the further applications on 30th October, 2012 & 22nd July, 2013 respectively. However, the approval of govt. is yet to be received.

7. On 08.07.2011, the fire incidence took place in the factory premises of the company. The company has filed intimation about the total loss of `5 crores on 09.07.2011 to the insurance company and also requested for deputing surveyor for assessing losses. However, During the previous year company has received `124.94 lacs as on account payment towards the insurance claim and `168.12 lacs towards salvage value. Pending the processing of the insurance claim, the balance claim of the company remains to be crystallized therefore to that extent no effect has been given in books of accounts.

8. Segmental Reporting:

The Company is mainly engaged in the business of manufacturing of textiles consisting of yarn and fabrics. Considering the nature of business and financial reporting of the Company, the Company has only one segment viz. textile segment. The company operates in one geographical segment.

- Based on the information available with the Company, there
 are no suppliers who are registered as micro or small
 enterprises under The Micro, Small and Medium
 Enterprises Development Act, 2006, as at 31st March 2014.
- **10.** As per Accounting Standard 15 "Employee Benefits", the disclosure of Employee benefits as defined in the Accounting Standard are given below:

11. Defined Benefit Plan:

A. Leave Encashment:

The present value of obligation under Leave Encashment is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving

rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Changes in present value of obligation

	amiges in present value of conguitor		(`In lacs)
	Particulars	Leave Encashment	Leave
	1 at ucuiais	2013-14	2012-13
a)	Present value of obligation as at the		
	beginning of the year	39.43	35.57
b)	Acquisition adjustment		
	Interest cost	3.55	2.93
	Past service cost		
	Current service cost	15.09	14.52
-	Curtailment cost/(Credit)		
_	Settlement cost/(Credit)		(10.60)
	Benefits paid	(8.06)	(10.66)
-	Actuarial (gain)/loss on obligation	(3.01)	(2.94)
_	Present value of obligation as at the end of th		39.43
Th	ne amounts to be recognized in balar	nce sheet	
	Particulars	31-03-2014	31-03-2013
a)	Present value of funded obligation as at		
	the end of the period		
b)	Fair value of plan assets as at the end of the	e period	
c)	Present value of unfunded obligation as at	t	
	the end of the period	47.00	39.43
d)	Unrecognized Past Service Cost		
e)	Net Liability	47.00	39.43
	Amount in the balance sheet		
	Liabilities	47.00	39.43
	Asset		
	Net liability	47.00	39.43
Ex	pense recognized in the statement of pro	ofit and loss	
_	Particulars	2013-14	2012-13
a)	Current service cost	15.09	14.52
b)	Past service cost		
c)	Interest cost	3.55	2.93
d)	Expected return on plan assets		
	Curtailment or Settlement cost / (Credit)		
	Net actuarial (gain)/loss recognized in the	e	
_	period	(3.01)	(2.94)
g)	Expenses recognized in the statement of	(2132)	(=1, 1)
51	profit & losses	15.63	14.52
	Actuarial Assumptions:	10.00	1.102
_	Particulars	2013-14	2012-13
a)	Mortality Table		LIC 1994-96
_	•	(Ultimate)	(Ultimate)
b)	Discount Rate (P.A.)	9.00%	8.25%
	Expected Rate of Return on plan assets (P		0%
	Salary Growth Rate (P.A.)	7.00%	6.50%
	Withdrawal rate 18 to 60 Years (P.A.)	5.00% at	5.00% at
٠)		younger	younger
			ages & 1% at
		-	•
		elder ages	elder ages

B. Gratuity

The employees' Gratuity Fund Scheme, which is a defined plan, is managed by the Trust maintained with Life Insurance Corporation of India (LIC). The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which is recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

_	Particulars	As on	(` In lacs) As on
	Taruculars	31.03.14	31.03.13
_		21.00.111	01100110
1.	Assumption		
	Discount Rate	9.00%	8.00%
	Salary Escalation	7.00%	7.00%
2.	Present value of Obligation		
	Present value of obligations as at		
	beginning of year	131.36	82.17
	Interest cost	11.82	6.57
	Current Service Cost	30.66	14.88
	Benefits Paid	(26.94)	(22.59)
	Actuarial (gain)/loss on obligations	6.32	50.33
	Present value of obligations as at end of year	153.22	131.36
3.	Fair value of plan assets		
	Fair value of plan assets at beginning of year	136.87	122.36
	Expected return on plan assets	11.73	11.41
	Contributions	21.42	25.69
	Benefits Paid	(26.94)	(22.59)
	Actuarial (gain)/ loss on obligations	0.35	-
	Fair value of plan assets at the end of year	143.43	136.87
	Funded status	9.79	(5.51)
4.	Actuarial Gain/Loss recognized		
	Actuarial (gain)/loss on obligations	(6.32)	(50.33)
	Actuarial (gain)/loss for the year - plan assets	-	-
	Actuarial (gain)/loss on obligations	6.32	50.33
	Actuarial (gain)/loss recognized in the year	6.32	50.33
5.	The amounts to be recognized in the balance s	sheet	
	Present value of obligations as at the end of year	153.22	131.36
	Fair value of plan assets as at the end of the year	143.43	136.87
	Funded status	9.79	(5.51)
6.	Expenses Recognized in statement of Profit a	nd loss	
	Current Service cost	30.66	14.88
	Interest Cost	11.82	6.57
	Expected return on plan assets	(11.73)	(11.41)
	Net Actuarial (gain)/loss recognized in the year	6.32	50.33
	Expenses to be recognized in statement of		
	Profit and loss	37.07	60.38

The Company has recognized `48.32 lacs (40.87 lacs) in the Profit & Loss account for the year ending 31st March, 2014 under Defined Contribution Plan.

12. Related Party Disclosures (As certified by Management)

a) List of Related Parties and Relationships:

S. No.	Name of Related Party	Relationship
1.	Bombay Rayon Fashions Limited	Holding Company
2.	STI Sanoh India Limited	Incorporated Joint Venture
3.	Key Management Personnel	
	A. Dr. R.B. Baheti	Non Executive, Chairman
	B. Mr. Prashant Agrawal	Managing Director
	C. Mr. Aman Agrawal	Vice – Chairman

b) Related Party transaction (s) during the year 2013-14: (Amount in `Lacs)

Transaction	Associates & JVs	Holding Company	Key Management Personnel/Relatives
Loan received	-	-	
	(-)	(250.00)	(-)
Loan payment	-	-	-
	(-)	(-)	(-)
Sales	-	0.46	-
	(-)	(-)	(-)
Jobwork	-	2497.01	-
	(-)	(4184.68)	(-)
Purchases	-	250.73	-
	(-)	(-)	(-)
Rentreceived	-	1.20	-
	(-)	(1.20)	(-)
Managerial Remuneration	-	-	112.36
-	(-)	(-)	(108.24)

^{13.} The Company has provided corporate guarantee for securing the term loans and working capital loan facilities availed by the holding company restricted upto the realizable value of assets provided as security.

14. Earnings Per Share (EPS)

(Equity Shares of `10 each)

Particulars	Current year	Previous year
(i) Number of shares at the beginning of the year	29000000	29000000
(ii) Number of shares at the end of the year	29000000	29000000
(iii) Weighted average number of Equity Shares outstanding during the year	29000000	29000000
EPS:		
(i) Net profit/(loss) available for Equity Share holders (`In Lacs)	(666.77)	(932.71)
(ii) Basic and diluted earnings per share (`)	(2.30)	(3.22)

15. Information in respect of Joint Venture Company (JVC) - STI Sanoh India Limited, as per available financial statements as at 31st March, 2014 (Provisional) and 31st March, 2013 (Audited), is provided hereunder:-

Country of Incorporation India

Proportion of Ownership Interest 43.48% (`1199.93 lacs of paid up equity share capital out of `2760 lacs)

Description of Interest Joint Venture Company (JVC) is established principally for manufacturing of Single

Walled Copper Brazed Tubes and Break fuel components.

Particulars		2013-14 (`in Lacs)	2012-13 (`in Lacs)
i) Assets			
a) Net fixed assets		1355.88	1455.70
b) Net current assets		2304.56	1434.18
ii) Miscellaneous expenditure (to the	extent not written off or adjusted)	-	-
iii) Credit (Debit) balance -Profit & los	ss a/c	2285.16	1518.30
iv) Liabilities (Loans & Deferred Cred	its)	175.22	171.53
v) Gross Income		10650.57	10496.88
vi) Gross Expenditure		9454.19	9837.03
vii) Contingent Liabilities		213.76	306.09

(`In Lacs)

				rrent year 1.03.2014		Prev. Year 1.03.2013
16.	C.I.F. Value of Imports:					
(a) Stores, Spares & HSD			25.59		74.46
(b) Capital Goods			-		88.34
17. I	Expenditure in Foreign Currency:					
(a) Foreign Traveling			1.21		2.33
(b) Commission on Export Sales			-		-
18. I	Earning in Foreign Exchange					
I	FOB value of Exports			156.22		-
19. 5	Stores and Spares Consumed:					
(a) Indigenous		315.60	90.94%	367.17	83.36%
(b) Imported		31.47	9.06%	73.28	16.64%
		Total	347.07	$\overline{100.00\%}$	440.45	$\overline{100.00\%}$

20. Previous year figures have been re-grouped / reclassified wherever necessary to make them comparable in accordance with revised schedule VI.

As per our report of even date For V.K.Beswal & Associates

Chartered Accountants

For and on behalf of Board of Directors of

STI India Limited

Dr.R.B.Baheti Chairman

Deepesh Kumar Nayak Company Secretary

Prashant Agrawal Managing Director

S.D.Naik

Chief Financial Officer

C.A. K.V. Beswal Partner

M.No. 131054

Firm Reg No.:101083W

Place: Indore

Date: 05th May, 2014

Place: Mumbai Date: 05th May, 2014



Notes to financial statements for the year ended 31st March, 2014

Note: 1 (b) Share Capital

A

Particulars	31st M	arch, 2014	31st March, 2013			
	Numbers	` in Lacs	Numbers	` in Lacs		
Authorised						
Equity Shares of `10 each	40000000	4000.00	40000000	4000.00		
Preference Shares of `100 each	500000	500000 500.00		500.00		
	40500000	4500.00	40500000	4500.00		
Issued, Subscribed & fully Paid up						
Equity Shares of 10 each	29000000	2900.00	29000000	2900.00		
Total	29000000	2900.00	29000000	2900.00		

B Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	Equity Shares						
Particulars	31st M	arch, 2014	31st March, 2013				
	Numbers	` in Lacs	Numbers	` in Lacs			
At the beginning of the year	29000000	2900.00	29000000	2900.00			
Shares Issued during the year	-	-	-	-			
At the end of the year	29000000	2900.00	29000000	2900.00			

C Shares held by holding company:

Particulars	Nature of	31st March 2014	31st March 2013
	Relationship		
Equity Shares		Nos.	Nos.
Bombay Rayon Fashions Ltd.	Holding Company	21750000	21750000

D Detail of shareholders holding more than 5% of shares in the company

	Equity Shares						
Particulars	31st Ma	31st March, 2013					
	No. of	% of	No. of	% of			
	Shares held	Holding	Shares held	Holding			
Bombay Rayon Fashions Ltd.	21750000	75.00%	21750000	75.00%			
India Max Investment Fund Limited	1714068	5.91%	2806068	9.68%			
Prime India Investment Fund Limited	2420984	8.35%	1328984	4.58%			

-		
PARTICULARS	31st March 2014	31st March 2013
	(`in lacs)	(`in lacs)
Note - 2: Reserve and surplus		
Capital Reserves		
Opening Balance	40.01	40.01
(+)/(-) Transfer		
Closing Balance	40.01	40.01
Securities Premium Account		
Opening Balance	3773.00	3773.00
(+)/(-) Transfer	-	-
Closing Balance	3773.00	3773.00
Surplus		
Opening balance	(7871.93)	(6939.22)
(+) Net Profit/(Net Loss) For the current year	(666.77)	(932.71)
Closing Balance	(8538.70)	(7871.93)
Total	(4725.69)	4058.92)
Note - 3 : Long term borrowings		
Debentures (Secured)		
45,80,000 Debentures (Series 1) of `40/- each	1832.00	1832.00
50,00,000 Debentures (Series 3) of 8/- each	400.00	400.00
26,00,000 Debentures (Series 2) of `40/- each	1040.00	1040.00
2,00,00,000 Debentures (Series 4) of `40/- each	8000.00	8000.00
(Debentures series 1,3 and 4 are secured by residual charge of equitable mortgage of Land & Building located on Plot No. 1 at Rau Pithampur Link Road, Sonvay Village admeasuring 285290 Sq. Mtr. standing in the name of the Company and all plants and machinery to be attached/installed. Debentures series 2 are secured by way of residual charge on all non-fixed assets of the Company).		
Loans and Advances from Holding Company	975.00	975.00
Total	12247.00	12247.00
Note - 4 : Trade payables		
Unsecured:	240	a
Trade payables	<u>210.56</u>	311.57
Total	<u>210.56</u>	<u>311.57</u>
Note - 5 : Other Current Liabilities		
Customer deposits & Advances Accrued salaries and benefits	19.38 103.62	22.34 109.37
Statutory dues	71.04	65.59
Outstanding expenses	257.45	132.75
Total	451.49	330.05
		<u></u>



PARTICULARS	31st March 2014 (`in lacs)	31 st March 2013 (`in lacs)
Note - 6 : Short Term Provisions		
Provision for employee benefits:		
Gratuity	41.00	12.00
Bonus	37.49	35.29
Leave Encashment	47.00	39.43
Others:		
Wealth tax	0.06	0.12
Total	<u>125.55</u>	86.84

Note 7: Fixed Assets

		GROSS	BLOCK		DEPRECIATION				NETBLOCK	
Fixed Assets	Balance as at 01.04.2013 in lacs	Additions in lacs	Disposals in lacs	Balance as at 31.03.2014 in lacs	Balance as at 01.04.2013 in lacs	For the year in lacs	Written back in lacs	Balance as at 31.03.2014 in lacs	Balance as at 31.03.2014 in lacs	Balance as at 31.03.2013 in lacs
Tangible Assets:	ilitacs	macs	macs	miacs	iniacs	ilitacs	miacs	intacs	miacs	intacs
Land - Lease hold	862.36	-	-	862.36	30.84	10.08	-	40.92	821.44	831.52
- Free hold	67.93	-	-	67.93	-	_	-	-	67.93	67.93
Site developments	298.07	0.40	-	298.47	16.12	3.44	-	19.56	278.91	281.95
Factory buildings	2613.51	-	-	2613.51	1386.74	87.29	-	1474.03	1139.48	1226.77
Non factory buildings	776.72	-	-	776.72	187.54	12.66	-	200.20	576.52	589.18
Plant and Equipment	20717.07	83.86	-	20800.93	14976.46	1107.98	-	16084.44	4716.49	5740.61
Vehicles	65.20	-	-	65.20	17.86	6.19	-	24.05	41.15	47.34
Computer	39.09	0.17	-	39.26	32.03	1.38	-	33.41	5.85	7.06
Furniture and Fixtures	186.95	0.84	-	187.79	152.34	9.14	-	161.48	26.31	34.61
Office equipment	4.87	1.57	0.17	6.27	0.61	0.24	0.03	0.82	5.45	4.26
Total	25631.77	86.84	0.17	25718.44	16800.54	1238.40	0.03	18038.91	7679.53	8831.23
Intangible Assets:										
Computer software	3.96	-	-	3.96	3.70	0.06	-	3.76	0.20	0.26
Total	3.96	-	-	3.96	3.70	0.06	-	3.76	0.20	0.26
Capital Work In Progress	-	-	-	-	-	-	-	-	157.49	179.32
Total	25635.73	86.84	0.17	25722.40	16804.24	1238.46	0.03	18042.67	7837.22	9010.81
Previous Year	25443.12	210.62	18.01	25635.73	15580.71	1238.24	14.71	16804.24	9010.81	9871.40

Note - 8 : Non-current Investments

Other investments:

Investment in Equity instruments:
Unquoted: (Fully paid up) 11999300 Equity Shares of ` 10/- each of STI Sanoh India Limited

1199.93 1199.93 Total <u>1199.93</u> 1199.93



PA POWOVIII A PO	adstag 2 and	248134 1 2042
PARTICULARS	31 st March 2014 (`in lacs)	31 st March 2013 (`in lacs)
Note - 9 : Deferred tax assets (Net)	(in lacs)	(in lacs)
• •		
Deffered tax liability	6500 25	7022.04
Net Block as per Companies Act (31.03.2014) Net Block as per Income Tax Act (31.03.2014)	6790.35 2919.17	7932.04 3268.61
Difference	3871.18	4663.42
Deffered tax liability (A) @ 30.90%	<u>1196.20</u>	<u> 1441.00</u>
Deffered tax assets		
Expenditure to be disallowed u/s 43B -	(2.21	55 O1
Bonus Leave encashment	62.21 47.00	55.81 39.43
Gratuity	41.00	12.00
Unabsorbed depreciation	7932.61	<u>7527.27</u>
Deffered tax assets (B) @ 30.90%	8082.82 2497.60	<u>7634.51</u> 2359.07
. ,		
Net Deffered Tax (Assets) (A)-(B) (Closing) Less: Net Deffered Tax (Assets) (Opening)	(1301.40) (918.07)	(918.07) (656.96)
Net Deffered Tax (Assets) to be recognized in Profit & Loss Account.	(383.33)	(261.11)
Note - 10 : Long-term loans and advances		
Capital Advances		
Unsecured, considered good	37.59	40.31
Security Deposits Unsecured, considered good	329.14	329.18
Other loans and advances (refer Note 5)	329.14	329.16
Doubtful	2450.75	2450.75
Less: Provision for doubtful advances	2450.75	<u>2450.75</u>
Total	366.73	369.49
Note - 11 : Inventories		
Raw Materials (Valued at cost)	-	0.46
Waste (Valued at net realisable value)	43.95 77.58	22.44 74.55
Stores and spares (Valued at cost) Goods-in transit	16.68 94.26	
Packing material (Valued at cost)	23.32	19.01
Oil & lubricant (Valued at cost)	7.92	2.66
(As certified by Management) Total	169.45	125.37
Note - 12 : Trade Receivables		
Trade receivables outstanding for a period less than six	92.00	2.60
months from the date they are due for payment	, 2.00	2.00
Trade receivables outstanding for a period exceeding six	12.91	12.92
months from the date they are due for payment	104.01	15.50
Total	104.91	15.52



		Kepori 2015-14
PARTICULARS	31 st March 2014 (`in lacs)	31 st March 2013 (`in lacs)
Note - 13 : Cash and cash equivalents		
Balances with banks On current accounts Cash on hand Total	2.69 0.84 3.53	2.84 1.17 4.01
Note - 14 : Short-term loans and advances Advance receivable in cash or kind Total	66.79 66.79	59.05 59.05
Note - 15 : Other current assets		
Insurance claim receivable Balance with Government authorities Others Total	84.51 66.23 8.21 158.95	84.51 25.44 4.34 114.29
Note - 16 : Revenue from operations		
Revenue from operations Sale of product: Traded goods Other goods Sale of service: Jobwork receipt	569.01 1061.30 3942.49	- 645.86 4220.09
Total	5572.80	4865.95
Detail of Sales		
Domestic: Waste Fiber Yarn Sale Fabric Sale Export: Yarn Sale Fabric Sale Total	1,267.87 161.26 36.66 119.08 45.44 1,630.31	645.86
Note - 17: Other income		
Interest Income (TDS of ` 2.55 lacs (` 2.63 lacs)) Profit on sale of assets Sundry balances written back Insurance claim received Miscellaneous income	25.47 4.55 29.63	26.30 0.81 - 1.92 74.14
Total	59.65	103.17

DA DITICULI A DC	31 st March 2014	31st March 2013
PARTICULARS	(` in lacs)	(` in lacs)
	(=== =====)	(== =====
Note - 18 : Cost of material consumed		
Inventory at the beginning of the year	0.46	0.46
Add: Purchase	-	-
Less: Inventory at the end of the year		0.46
Cost of material consumed	0.46	<u> </u>
Note - 19 : Detail of purchase of traded goods		
Finished Goods	214.76	-
Waste	328.52	-
	543.28	
Note - 20 : Increase (-) / decrease (+) in inventories		
Inventory at the end of the year		
Wastage	43.95	22.44
Inventory at the beginning of the year	22.44	22.00
Wastage (Increase)/decrease in inventories	$\frac{22.44}{(21.51)}$	32.90 10.46
(increase)/decrease in inventories	(21,31)	
Note - 21 : Employee benefit expenses		
Salaries & wages	1082.67	1019.33
Contributions to provident and other fund	125.54	104.80
Gratuity & Bonus	85.81	76.16
Staff welfare expenses	232.68	212.19
Total	1526.70	1412.48
Note - 22 : Finance costs		
Interest expense	-	0.01
Bank Charges	0.90	0.56
Total	0.90	0.57



PARTICULARS	31st March 2014 (`in lacs)	31st March 2013 (`in lacs)
Note - 23 : Other expenses		
Stores & spares consumption	347.06	440.45
Packing material and expenses	280.18	292.13
Power and fuel	2199.64	2199.34
Fiber Processing & Handling Expenses	57.72	59.89
Water charges	8.55	18.86
Rent	3.27	8.23
Rates and taxes	5.99	3.97
Insurance	18.59	16.68
Repair and maintenance:		
Plant and machinery	38.82	40.19
Building	18.28	14.26
Advertising and business promotion	2.42	1.34
Traveling and conveyance	49.44	55.55
Communication Expenses	9.77	10.34
Printing and stationary	7.07	8.68
Legal and professional fees	84.18	72.10
Director's remuneration	112.36	108.24
Directors' sitting fees	0.78	0.75
Auditor's remuneration	15.28	15.28
Loss on sale of fixed assets	0.11	-
Miscellaneous expenses	128.73	133.64
Total	3388.24	3499.92
Payments to auditor		
For Audit Fee	11.24	11.24
For Tax Audit Fee	2.81	2.81
For Certification & Others	1.23	1.23
Total	15.28	15.28

NOTE

NOTE

9

STI India Limited

Regd. Office.: Rau-Pithampur Link Road, Tehsil - Mhow, Dist. Indore - 453 332 (M.P.) India, Ph. No. (0731) 4014400, Fax No. (0731) 4020011, Email: share3@stitextile.net, Website: www.stitextile.net, CIN: L27105MP1984PLC002521

ATTENDANCE SLIP

DP Id*				F	olio No
Client Id*				N	Io. of Equity Share(s) held
I / We hereby rec	ord my / our prese at 11.00 A.M. at the	ence at the 29	9th Annual Gener	al Meeting of	the Company being held on Monday, the 29th at Rau-pithampur Link Road, Teh-Mhow, Dist.
				Signati	re of the Shareholder/ Proxy/Representative**
	vestors holding shar hever is not applicat		ic form.		
signature registere	d with the Company	y, for admissio	on to the meeting.		slip, duly signed in accordance with their specimen
To			CONSEN	<u>IT LETTE</u>	
	ndia Private Limite		CONSEN	<u>T LETTE</u>	R Date:
Unit: STI Indi C-13, Pannala L. B. S. Marg,	Share Transfer Age a Limited al Silk Mills Compo , Bhandup (West)) 078 (M.H.) India				
Sub: Consent	for serving Docum	ents through	Electronic Mode.		
Dear Sir,					
	g the documents thro			lo	hereby give my / our
Kindly send the do	cuments at my / our	Email id:			
Consent:	YES ()	NO()	
Thanking you, Yours faithfully Name of Sole / Firs	st Holder				Signature

Regd. Office.: Rau-Pithampur Link Road, Tehsil - Mhow, Dist. Indore - 453 332 (M.P.) India, Ph. No. (0731) 4014400, Fax No. (0731) 4020011, Email: share3@stitextile.net, Website: www.stitextile.net, CIN: L27105MP1984PLC002521

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rule, 2014]

Name	of the Member(s)	
Registe	ered Address	
E-mail	Id	
Folio N	Io./*Client ID	
DPID		
I/Wa bai	ing a mambar / mamb	ers of, shares of the STI India Limited, hereby appoint:
I/ we, bei	ing a member/ memb	ers of, shares of the STT findia Limited, hereby appoint:
(1)	Name	Address
	E-mail Id	
(2)	Name	
	E-mail Id	, or failing him/her;
(3)	Name	Address
	E-mail Id	Signature

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Monday, the 29th September, 2014 at 11.00 A.M. at the Registered Office of the Company situated at Rau-pithampur Link Road, Teh-Mhow, Dist. Indore - 453 332 (M.P) India and at any adjournment thereof in respect of such resolutions as are indicated below:

Ø

, and the second	For	
	1 01	Against
Ordinary Business		
Consider and adopt the Reports of Auditors, Directors and Audited Financial Statements for the year ended on 31st March, 2014.		
Re-appointment of Dr. R. B. Baheti, who retires by rotation.		
Appointment of M/s V. K. Beswal & Associates, Chartered Accountant, Mumbai as Statutory Auditor and authorise the Board of Directors to fix their Remuneration.		
Special Business		
Appointment of Mr. Prashant Agrawal as Managing Director.		
Appointment of Mr. T. N. Anand Reddy as an Independent Director.		
Appointment of Mr. A. Arumugham as an Independent Director.		
Authorisation to borrow monies under Section 180(1)(c) of the Companies Act, 2013, in excess of the aggregate of paid-up capital and free reserves of the Company.		
Authorisation under Section 180(1)(a) of the Companies Act, 2013 for creation of security.		
Approve and adopt the new set of Article of Association of the Company.		
	for the year ended on 31st March, 2014. Re-appointment of Dr. R. B. Baheti, who retires by rotation. Appointment of M/s V. K. Beswal & Associates, Chartered Accountant, Mumbai as Statutory Auditor and authorise the Board of Directors to fix their Remuneration. Special Business Appointment of Mr. Prashant Agrawal as Managing Director. Appointment of Mr. T. N. Anand Reddy as an Independent Director. Appointment of Mr. A. Arumugham as an Independent Director. Authorisation to borrow monies under Section 180(1)(c) of the Companies Act, 2013, in excess of the aggregate of paid-up capital and free reserves of the Company. Authorisation under Section 180(1)(a) of the Companies Act, 2013 for creation of security.	for the year ended on 31st March, 2014. Re-appointment of Dr. R. B. Baheti, who retires by rotation. Appointment of M/s V. K. Beswal & Associates, Chartered Accountant, Mumbai as Statutory Auditor and authorise the Board of Directors to fix their Remuneration. Special Business Appointment of Mr. Prashant Agrawal as Managing Director. Appointment of Mr. T. N. Anand Reddy as an Independent Director. Appointment of Mr. A. Arumugham as an Independent Director. Authorisation to borrow monies under Section 180(1)(c) of the Companies Act, 2013, in excess of the aggregate of paid-up capital and free reserves of the Company. Authorisation under Section 180(1)(a) of the Companies Act, 2013 for creation of security.

^{*} Applicable for investors holding shares in electronic form.

Notes:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A proxy need not be a member of the Company.
- (3) A person can act as proxy on behalf of member(s) not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member.
- (4) For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of the 29th Annual General Meeting.
- (5) It is optional to put "X" in the appropriate column against the Resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (6) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (7) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.
- (8) Please complete all details including details of member(s) in above boxy before submission.

Signed thisday of2014.		
Signature of shareholder	F	ffix ` 1/- Revenue stamp
Signature of Proxy Holder (s): 1	3	

9 **STI India Limited**

Regd. Office.: Rau-Pithampur Link Road, Tehsil - Mhow, Dist. Indore - 453 332 (M.P.) India, Ph. No. (0731) 4014400, Fax No. (0731) 4020011, Email: share3@stitextile.net, Website: www.stitextile.net, CIN: L27105MP1984PLC002521

Shareholders Information Form

	registered Shareholder(s) of STI India Limited and g my / our information in the record of the Company and Registrar and Share Transfer
Name of the Shareholder(s) (In case of Joint Holders, please give Name of all holders	:
Ledger Folio / Client Id No./DP Id	:
Number of Shares held	:
Present Residential Address	:
Permanent Residential Address (if difference from above)	:
Phone No. / Mobile No. (With extn.)	:
Email address	:
Permanent Account Number (PAN)	:
Specimen Signature	:
Enclosures (Please enclose self attested ID & Address Proof)	: 1 ID Proof: : 2) Address Proof:
I/We further undertake to intimate immediately up of the same.	pon changes, if any, to the Company / Registrar and Share Transfer Agent for updating
Date: Place:	Signature of the Shareholder(s)



Tehsil - Mhow, Dist. Indore - 453 332 (M.P.) INDIA

Phone: +91(0731) 4014400 Fax: +91(0731) 4020011 Email: share3@stitextile.net



Rau-Pithampur Link Road,

Tehsil - Mhow, Distt. Indore - 453 332 (M.P.) INDIA Phone : 0091-731-4014400, Fax : 0091-731-4020011 E-mail : sti@stitextile.net

FORM A

Submission of Annual Audit Report as per Clause 31 of the Listing Agreement for the Financial Year 31st March, 2014

Name of the Company

STI INDIA LIMITED

Annual Financial Statements for the year ended:

31st March, 2014

Type of Audit Observation

Un-qualified

Frequency of Observation

NA

Name	Designation	Signature
Mr. Prashant Agrawal	Managing Director	Aganias
Mr. S. D. Naik	Chief Financial Officer	SEL SENAL & ASCA
Mr. K. V. Beswal	Partner, M/s V. K. Beswal & Associates, Statutory Auditor	A08/410, Rewa Chambers 31, Wew Marine Lines, Mumbni-20.
Mr. A. Arumugham	Chairman, Audit Committee	- Aumu plan

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