

37TH ANNUAL REPORT 2010– 2011



STI PRODUCTS INDIA LIMITED

BOARD OF DIRECTORS

Directors : Mr. K. N. Garg - Chairman
Mr. Nirmal Singh - Director
Mr. Vivek Loiwal - Director

Auditors : M/s. G. R. S. R. A. & Co.,
Chartered Accountants
No. 178, I Floor, 5th Main,
4th Cross, J P Nagar 3rd Phase,
BANGALORE - 560 078

Registered Office : No.62, AG'S Layout,
New BEL Road,
Bangalore - 560 054
Phone: ++91 - 080 - 41482091 - 92

**Share Transfer Agent &
Registrar** : Bangalore Office:
M/s. Link Intime India Pvt. Ltd.
543A, 7th Main, 3rd Cross,
Hanumanthnagar,
Bangalore - 560 019
Phone : ++91 - 080 - 2650 9004

Bombay Office:
M/s. Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
Kantilal Maganlal Indl. Estate,
L.B.S. Road, Bhandup West,
Mumbai - 400 080.
Phone : ++ 91 - 022 - 2596 3838

STI PRODUCTS INDIA LIMITED

NOTICE

Notice is hereby given that the 37th Annual General Meeting of the Members of STI Products India Limited will be held on Friday, the 30th day of September, 2011 at 11.00 AM at Regd. Office: No.62, AG's Layout, New BEL Road, Bangalore – 560 054 to transact the following business:

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and the Auditors' thereon.
2. To appoint a Director in place of Mr. Nirmal Singh who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and for that purpose pass the following resolution as an Ordinary Resolution:

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

B. SPECIAL BUSINESS:

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

"RESOLVED THAT Pursuant to provisions of Section 383A(1) of the Companies Act, 1956 M/s. Rao Saklecha & Co., Practising Company Secretary, Indore, be and is hereby re-appointed as Secretarial Auditor for issue of the Compliance Certificate and to hold office till conclusion of the next Annual General Meeting at remuneration of Rs.2,500/- plus Service Tax and other out of pocket expenses as may be incurred."

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


(K. N. Garg)
Chairman

Place:Indore

Date: 30th June, 2011

NOTES:

1. The information as required under listing agreements and the relative Explanatory Statement for Special Business pursuant to Section 173(2) of the Companies Act, 1956 and all other applicable laws is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form to be effective must be lodged duly completed and stamped at the Registered Office of the Company at least 48 hours before the time for holding the meeting.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from 27.09.2011 to 30.09.2011 (both days inclusive).
4. Members are requested to send their queries, if any, relating to the Annual Accounts and Reports at least one week prior to the date of meeting.
5. The members are requested to bring in their copies of Annual Report at the time of AGM, as no copies shall be provided separately.
6. The National Security Depository Limited (NSDL) has admitted Company's Equity shares into demat and the members can now hold the shares of the Company in the electronic form with NSDL through their depository account. The equity shares of the Company shall be traded only in dematerialized mode on the Stock Exchanges. However there is no trading in the shares of the Company for a long period. The ISIN Code allotted by NSDL to the Equity Shares of the Company is **INE205G01014**.
7. The Company has appointed M/s. Link Intime India Pvt. Ltd., Mumbai, having a branch at Bangalore, as Registrar & Share Transfer Agent for Demat and Physical shares. Their details are given elsewhere in this annual report.
8. Any change of address of the Members may please be notified to the Registrar and Transfer Agent quoting their Registered Folio No.
9. The Shares of the Company is listed on Bombay Stock Exchange Ltd., Mumbai and Bangalore Stock Exchange Ltd., Bangalore and payment of Listing Fee to Stock Exchanges is outstanding from the year 2003-2004.

**ANNEXURE TO THE NOTICE OF 37TH ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

FOR ITEM NO.2

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

Mr. Nirmal Singh, Director of the Company is having vast experience. As member of the Board Mr. Nirmal Singh is likely to add immense value for the long-term growth of the Company.

Your Directors recommend his appointment, as Director liable to retire by rotation, for the approval of members. None of the Directors are concerned or interested in the above resolution.

FOR ITEM NO.4

As per the amendment in Section 383A of Companies Act, 1956 read along with Companies (Appointment and Qualification of Secretary) Rules, 1988, Company is required to obtain a certificate from a secretary in whole-time-practice under the Companies (Compliance Certificate) Rules, 2001 accordingly, M/s. Rao Saklecha & Co., Practicing Company Secretary, Indore the Secretarial Auditors of the Company to be appointed from the conclusion of ensuing Annual General Meeting till conclusion next Annual General Meeting.

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

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

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


(K. N. Garg)
Chairman

Place: Indore
Date: 30th June, 2011

STI PRODUCTS INDIA LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the 37th Annual Report of the Company with the Audited Statement of Accounts for the year ended 31st March, 2011.

PERFORMANCE DURING THE YEAR:

The continuance of closure of manufacturing operations during the year has resulted in losses to the Company, as with no manufacturing operations,. The accumulated losses of the Company as at 31st March, 2011 were marginally up at Rs. 2,851.56 Lacs (Previous year Rs.2,850.64 lacs).

FINANCIAL RESULTS:

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

(Rs. in Lacs)

Particulars	2010-11	2009-10
Authorized Share Capital	400.00	400.00
Other Income	-	24.26
Total Expenditures	0.93	49.98
Gross Profit / (Loss)	(0.93)	(25.72)
Provision for taxation	-	-
Goodwill written off	-	-
Net Profit / (Loss)	(0.93)	(25.72)
Balance b/f from previous year	(2,850.63)	(2,824.91)
Balance carried to Balance Sheet	(2,851.56)	(2,850.63)

CLOSURE OF THE COMPANY:

With a view to conserve resources from further depletion and to save administrative cost, the Company has given a closure notice with effect from 1st June, 2004 to the Labour Secretary, Department of Labour, Government of Karnataka, Bangalore. The dues of all the employees and workers of the Company have been settled and for more than 2 years there is no employee working in the Company. The Company also does not own any assets for its operations.

REFERENCE TO THE BIFR:

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

FUTURE OUTLOOK:

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

DIRECTORS:

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

AUDITORS:

The Auditors, M/s. G R S R A & CO., Chartered Accountants, Bangalore, retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

DIRECTORS' COMMENTS ON AUDITORS QUALIFICATION:

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

SECRETARIAL AUDITORS:

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

SECRETARIAL COMPLIANCE CERTIFICATE:

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

REPORT ON CORPORATE GOVERNANCE:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the company at the end of the financial year;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- the Directors have prepared the annual accounts considering that all the fixed assets of the company or have been disposed off, dismissal of reference with BIFR, Settlement of workers, absence of any operations for last few years and absence of any possibility to restart the operational activity in near future.

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

Information as required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of particulars in report of the Board of Directors) Rules, 1988, is not applicable on the Company in view of no manufacturing operations in the company during the year.

PARTICULARS OF EMPLOYEES:

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

FIXED DEPOSITS:

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


INDUSTRIAL RELATIONS:

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

ACKNOWLEDGEMENT:

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

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


(K. N. Garg)
Chairman

Place: Indore
Date: 30th June, 2011

STI PRODUCTS INDIA LIMITED

REPORT ON CORPORATE GOVERNANCE

(As on 31st March, 2011 in terms of Clause 49 of the Listing Agreement)

INTRODUCTION

The Securities and Exchange Board of India has introduced a Code of Corporate Governance (Code) by way of amendment to the listing agreements with the Stock Exchanges. The Company has complied with the requirements of the Code.

1. COMPANY'S PHILOSOPHY

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

2. IMPLEMENTATION

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

3. BOARD OF DIRECTORS

a) Composition:

As on 31st March, 2011, the Board of STI Products India Limited comprises of four Directors. None of the Directors of the Company is a Member on more than 10 committees or Chairman of more than 5 committees (as specified in the Clause 49 of the Listing Agreement). The Board is primarily responsible for the overall management of the Company's business. The Composition of the Board during the financial year 2009-10 was as under:

Name of Directors	Category	No. of other Directorship	Board Committee(s) Memberships	
			Chairman	Member
Mr. K. N. Garg	Promoter, Non Executive	4	1	5
Mr. Nirmal Singh	Non Executive, Independent	1	1	3
Mr. Vivek Loival	Non Executive, Independent	-	-	-

Note: Private & Foreign Companies Directorship are excluded.

b) Brief Resume of directors proposed to be appointed

Re-appointment of Mr. Nirmal Singh, Director liable to retire by rotation:

Mr. Nirmal Singh, is proposed to be re-appointed as a Director of the Company liable to retire by rotation. Mr. Nirmal Singh has rich experience of business and industry, is a new age entrepreneur, his presence on the Board would be beneficial to the Company the Board of Directors recommends his reappointment.

c) Board Meetings and Attendance of Directors:

During the year 2010-11 four Board Meetings were held on 29th May, 2010, 30th July, 2010, 30th October, 2010 and 31st January, 2011.

Name	Category	Designation	No. of meetings held	No. of meetings attended	Last AGM attended
Mr. K. N. Garg	Promoter, Non Executive	Chairman	04	04	Yes
Mr. Nirmal Singh	Independent, Non Executive	Director	04	-	No
Mr. Vivek Loival	Independent, Non Executive	Director	04	04	No

d) Sitting Fees

None of the Directors' were paid Sitting Fees during Financial year 2010-11.

4. BOARD COMMITTEES

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

Audit Committee, Remuneration Committee & Shareholders'/Investors' Grievance Cum Transfer Committee.

a) AUDIT COMMITTEE

Terms of Reference

Terms of Reference of the Audit Committee are as per the guidelines set out in the listing agreement with the Stock Exchanges and this inter-alia, include -

- i) Oversee Company's financial reporting process and the disclosure of its financial information to ensure financial statements are correct, sufficient and viable.
- ii) Recommend appointment and removal of Statutory Auditors, fixation of Audit fee, and also approve payment for other services.
- iii) Review the adequacy of internal control systems with the Management, Statutory and internal auditors.
- iv) Review the Company's financial and risk management policies.

Composition:

The Audit Committee is as under comprised of 3 directors out of which Two Directors are Independent and Non-Executive Directors. The Audit Committee is primarily responsible for the over all audit and accounts as per the terms of reference.

Sl. No.	Name of Directors/Members	Category
01	Mr. Vivek Loiwal	Chairman
02	Mr. Nirmal Singh	Member
03	Mr. K. N. Garg	Member

Any two members present shall constitute the quorum.

b) REMUNERATION COMMITTEE

The Board of Global Stone India Limited constituted the Remuneration Committee to address the policy on Remuneration packages, their service contracts etc. The remuneration policy of the Company for managerial personnel is primarily based on the following:

- i) to prepare performance link Remuneration Package and retiral benefits;
- ii) to track record, potentials and performance of individual managers;
- iii) to prepare policy for training, development, job rotation and delegation as important tools for optimum utilization of available man power resources; and
- iv) to formalize guidelines for our sourcing skills and capabilities for new opportunities from the External competitive environment.

However, the Board of Directors will decide remuneration to Non-Executive Directors.

Composition:

The Remuneration Committee is as under comprised of 3 directors and out of which two directors are Independent and Non-Executive Directors. The Remuneration Committee is primarily responsible for implementing the remuneration policy of the Company.

Sl. No.	Name of Directors/Members	Category
01	Mr. K. N. Garg	Chairman
02	Mr. Nirmal Singh	Member
03	Mr. Vivek Loiwal	Member

Any two members present shall constitute the quorum.

c) SHAREHOLDERS / INVESTOR'S GRIEVANCES CUM SHARE TRANSFER COMMITTEE:

Terms of Reference:

The Board of STI Products India Limited constituted Shareholders/ Investors Grievance cum Share Transfer Committee to facilitate prompt and effective redressal of shareholders' complaints and the reporting of the same to the Board periodically.

Composition:

The Board of Directors of your Company formed a sub-committee of the Board as Shareholders / Investors Grievances cum share transfer committee consisting of 3 Non-Executive Directors. Any two members present shall constitute the quorum.

Sl.No.	Name of Directors/Members	Category
01	Mr. K. N. Garg	Chairman
02	Mr. Nirmal Singh	Member
03	Mr. Vivek Loiwal	Member

5. DISCLOSURES

a) Related Party Transactions:

There are no related parties need to be disclosed, for any transaction of a material nature, that may have any potential conflict with the interests of the Company.

b) Compliances by the Company:

The Company has fairly complied with the requirements of the Stock Exchanges and SEBI. During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI on any matter.

6. MEANS OF COMMUNICATION

- Full annual report is sent to shareholder every year at their registered address.
- STI Products India Limited has been regularly sending quarterly / half-yearly / annual financial results to Stock Exchanges. These results are also sent to those shareholders who request for the same.
- The quarterly financial Results and Annual Report are also sent to Financial Institutions/analysts/institutional investors on demand.

7. SHARE HOLDERS MEETINGS

AGM No.	Day & Date	Time	Venue
36 th AGM	Thursday, 30 th September 2010	11.00 AM	No.62, AG's Layout, New BEL Road, Bangalore-560054
35 th AGM	Saturday, 26 th September 2009	11.00 AM	No.62, AG's Layout, New BEL Road, Bangalore-560054
34 th AGM	Wednesday, 30 th September 2008	4.00 PM	No.62, AG's Layout, New BEL Road, Bangalore-560054

8. GENERAL SHAREHOLDERS INFORMATION

a) 37th Annual General Meeting for the year 2011:

Date & Time: Friday, 30.09.2011 at 11.00 a. m.

Place : No.62, AG's Layout, BEL Road, Bangalore – 560 054.

b) Financial Calendar:

Board Meetings for consideration of Unaudited Results for 4 quarters of Financial Year 2011-12

Financial reporting for:

Quarter ended 30th June, 2011

Quarter ended 30th September, 2011

Quarter ended 31st December, 2011

Quarter & year ended 31st March, 2012

Tentative Date of Reporting

on or before Aug. 14, 2011

on or before Nov. 14, 2011

on or before Feb. 14, 2012

on or before May 14, 2012, if taken Unaudited

c) Book Closure From 27.09.2011 to 30.09.2011 (both days inclusive)

d) The Shares of the Company are listed at following Stock Exchanges:

- Bangalore Stock Exchange Limited, Bangalore
- Bombay Stock Exchange Limited, Mumbai

e) Market Price Data:

The shares of the Company are listed at two Stock Exchanges, however the Shares were not traded on any Stock Exchange during the financial year 2010-11 hence the High and Low stock quotations are not available.

9. REGISTRARS & TRANSFER AGENTS:

As per SEBI directives with effect from 01/03/2003 the transfer of shares in physical mode is also handled by M/s Link Intime India Pvt. Ltd. Correspondence with regard to share transfers and change of address, nomination mandate are to be addressed to the Share Transfer Agent i. e. M/s Link Intime India Pvt. Ltd either at their above mentioned Mumbai address or at Bangalore address, which given below:

Bangalore Office:

M/s. Link Intime India Pvt. Ltd.
543/A, 7th Main, Hanumanthanagar,
Bangalore – 560 019
Ph.No.080-26509004,
Email : bangalore@linkintime.co.in

Mumbai Office:

M/s. Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai – 400 078
Ph. No. 022 – 2596 3838
Email : blnod.ra@linkintime.co.in

The Demat request as well as request for transfer / transmission may primarily be sent to the Registrar and Share Transfer Agent as above. Requests or complaint in other matters such as unpaid / Unclaimed Dividend, copy of Annual Report, Change of Address, Nomination, Mandate need to be sent to Company's Share Deptt. at its Regd. Office at No. 62, AG'S Layout, New Bel Road, Bangalore - 560 054.

10. COMPULSORY DEMATERIALIZED TRADING

The National Security Depository limited (NSDL) has admitted Company's Equity shares into demat and the shares of the Company can be now held by the members in the electronic form with NSDL through their depository account. The equity shares of the Company are now tradable in compulsory dematerialized mode on the Stock Exchanges. The Company has also applied to Central Depository Services (India) Ltd (CDSL) for the admission of Equity Shares of the Company into Demat and application is under processing. The ISIN Code allotted by NSDL to the Equity Shares of the Company is INE205G01014.

11. SHARE TRANSFER SYSTEM

- The Shareholders request is normally attended and reply is sent in 10-15 days.
- As per SEBI directives, company has appointed M/s Link Intime India Pvt. Ltd. Mumbai, as common agency to handle physical transfer of shares as well as electronic mode also.
- The Share Transfer Committee normally meets once in a month.

12. INVESTORS RELATIONS

All complaints received from shareholders have been attended to. The complaints are generally replied in 8-10 days from the date of receipt. The Investors / members may write for their queries to Share Department of the Company.

13. DISTRIBUTION OF SHAREHOLDERS ACCORDING TO SHAREHOLDING

Slab of Shareholding (No. of Shares)	No. of Shareholders	%	Nos. of Shares	%
1-500	4140	92.55	558975	13.97
501-1000	160	3.58	129975	3.25
1001-2000	94	2.10	139575	3.49
2001-3000	22	0.49	55950	1.40
3001-4000	15	0.34	56225	1.40
4001-5000	03	0.07	13500	0.34
5001-10000	12	0.27	92200	2.31
10001 & above	27	0.60	2953600	73.84
Total	4473	100.00	4000000	100.00

According to Categories of Shareholders

Categories	No. of Shares	%
Promoters, Directors Relatives & Associates	2170275	54.26
Mutual Funds & UTI	98900	2.47
Banks, Fin. Institutions / Insurance Companies	53200	1.33
Non-Resident Indians / OCB's	100	0.00
Other Bodies Corporate	626975	15.67
Other General Public	1050550	26.26
Total	4000000	100.00

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


(K. N. Garg)
Chairman

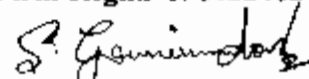
Place: Indore
Date: 30th June, 2011

**AUDITOR'S REPORT TO THE MEMBERS OF
STI PRODUCTS INDIA LIMITED, BANGALORE**

We have audited the attached Balance Sheet of **STI Products India Limited**, Bangalore, as at 1st March 2011, the Profit and Loss Account and the Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to above, we report that:
 - i. 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;
 - ii. In our opinion proper books of account as required by law have been kept the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 subject to non provision of interest of Rs.30,099,071/- to banks and on unsecured loans. The loss for the year would have been higher at Rs.30,192,278/- (Refer Note No.2 of Schedule 9).
 - v. On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of Section 274 (1)(g) of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956, 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 31st March, 2011.
 - 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.

**For GRSRA & CO.,
CHARTERED ACCOUNTANTS
Firm Regn.No. 0122408**


S.GOVINDA RAO

Partner

Membership No.20546

Place: Bangalore

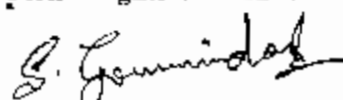
Date : 30/06/2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred in Paragraph 3 of our report of even date to the members of STI Products India Limited)

1. There are no Fixed Assets in the company as at 31st March, 2011.
2. As there is no inventory no physical verification has been conducted by the management during the year.
3. The company has neither granted nor taken any loans, secured or unsecured during the year to/from companies, firms or other parties in which directors of the company are interested.
4. The Company has not purchased any inventory nor sold any goods during the year.
5. As per the information and records, there are no transactions that need to be entered in the register in pursuance of section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposit from the public during the year.
7. There is no internal audit system during the year.
8. As informed to us, the Central Government has prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of the activities of the company. There have been no production activities during the year.
9. The company has no employees and as such not deducted Provident Fund and Employees State Insurance which are to be deposited.
10. As per records and explanations given to us there are no dues of sales tax, Income Tax, Customs duty, etc which have not been deposited on account of any dispute.
11. According to the records the accumulated losses at the end of the financial year is more than fifty percent of its net-worth. The company has incurred cash losses in the financial year and also in the immediately preceding financial year.
12. The Company has defaulted in repayment of dues to financial institutions and banks. The amount not repaid is Rs.5,07,39,927 /-
13. The Company has not granted any loans and advances to any parties on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the companies (Auditors Report) order 2003 are not applicable to the company.
15. The company is not dealing or trading in shares, securities, debentures and other investments.
16. As per the records and explanations given to us, the company has not given any guarantee for loans taken by others from any financial institutions or banks.
17. As per the records and explanations given to us, the company has not taken any term loans during the year
18. The funds raised on short term basis have not been used for long term investment and vice versa during the year.
19. As per the records the company has not made any preferential allotment of shares during the year.
20. As per the records the company has not issued debentures during the year.
21. The company has not raised any money from public issues during the year.
22. 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 GRSRA & CO
CHARTERED ACCOUNTANTS
Firm Regn.No. 012240S



S.GOVINDA RAO

Partner

Membership No.20546

Place :Bangalore

Date : 30/06/2011

STI PRODUCTS INDIA LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

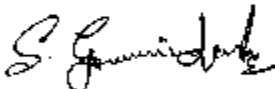
Particulars	Sch	As at 31.03.2011		As at 31.03.2010
		Rs.	Rs.	Rs.
SOURCES OF FUNDS:				
Share Capital	1		40,000,000	40,000,000
Reserves & Surplus	2		47,107,594	47,107,594
LOANS & BORROWINGS				
Unsecured	3		209,800,000	209,800,000
			296,907,594	296,907,594
APPLICATION OF FUNDS:				
FIXED ASSETS				
INVESTMENTS				
	4		5,506,956	5,506,956
CURRENT ASSETS, LOANS & ADVANCES				
Sundry Debtors	5			-
Cash & Bank Balances		23,015		29,474
Loans & Advances		7,751,017		7,826,017
		7,774,032		7,855,491
LESS: CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	6	1,530,169		1,518,420
Provisions		-		-
		1,530,169		1,518,420
NET CURRENT ASSETS				
			6,243,864	6,337,070
MISCELLANEOUS EXPENDITURE (To the extent not adjusted or Written off)				
Profit & Loss Account			285,156,774	285,063,587
			296,907,594	296,907,594

Notes on Accounts

9

As per our report annexed
For G R S R A & Co
Chartered Accountants
Firm Regn No. 0122408

For and on behalf of the Board of Directors



(S. Govinda Rao)
Partner

M. No. 020526
Date : 30th June 2011
Place : Bangalore


(X.N. Garg)
Director

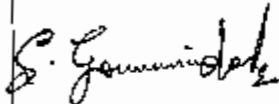

(Vivek Lalwal)
Director

Date : 30th June 2011
Place : Indore

STI PRODUCTS INDIA LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Sch	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
INCOME	7	-	2,426,418
EXPENDITURE			
Administrative Expenses	8	93,207	4,998,581
Loss for the year		93,207	2,572,163
		-	-
		93,207	2,572,163
Loss brought forward from previous year		285,083,567	282,491,404
Balance carried to Balance Sheet		285,156,774	285,063,567
Earnings per Equity Share of Rs.10/- each (Schedule 9 Note No.10)			
Basic		(0.02)	(0.64)
Diluted		(0.02)	(0.64)

As per our report annexed
For G R S R A & Co
Chartered Accountants
Firm Regn No. 0122408



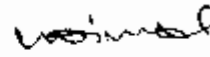
(S.Govinda Rao)
Partner

M.No.020546
Date : 30th June 2011
Place : Bangalore

For and on behalf of the Board of
Directors



(K.N.Garg)
Director



(Vivek Lalwal)
Director

Date : 30th June 2011
Place : Indore

STI PRODUCTS INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - 1			
SHARE CAPITAL:			
AUTHORISED			
4,750,000 Equity shares of Rs.10/- each		47,500,000	47,500,000
25,000 Redeemable cumulative preference shares of Rs.100/- each		2,500,000	2,500,000
		50,000,000	50,000,000
ISSUED, SUBSCRIBED & PAID UP			
4,000,000 Equity shares of Rs. 10/- each fully paid-up including 3,00,000 Equity shares of Rs. 10/- each allotted as fully paid-up by way of bonus shares by capitalisation of General Reserve		40,000,000	40,000,000
		40,000,000	40,000,000
SCHEDULE - 2			
RESERVES & SURPLUS:			
1. Capital Reserve As per last Balance Sheet		607,594	607,594
2. Share premium As per last Balance Sheet		46,500,000	46,500,000
		47,107,594	47,107,594
SCHEDULE - 3			
LOANS AND BORROWINGS:			
UNSECURED LOANS			
From Others		114,300,000	114,300,000
Deposits From Institutions		95,500,000	95,500,000
		209,800,000	209,800,000
SCHEDULE - 4			
INVESTMENTS AT COST: NON TRADE			
Shares in Limited Companies:-Quoted			
529,515 Equity Shares of Rs.10/- each in STI India Limited (Market value Rs.1,21,52,369/- Prev. Yr Rs.3,733,081/-)		5,506,956	5,506,956
		5,506,956	5,506,956
SCHEDULE - 5			
CURRENT ASSETS:			
A. CASH AND BANK BALANCES			
1. Cash on hand		375	12,103
2. Balances with Scheduled Banks			
a. In Current Accounts		22,640	17,371
		23,015	29,474
C. LOANS & ADVANCES			
1. Advances recoverable in cash or in kind or for value to be received, Unsecured, Considered good		7,751,017	7,826,017
		7,751,017	7,826,017
SCHEDULE - 6			
CURRENT LIABILITIES:			
1. Sundry Creditors		29,813	18,892
2. Other Current Liabilities		1,500,356	1,499,528
		1,530,169	1,518,420

SL

STI PRODUCTS INDIA LIMITED
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT AS ON 31ST MARCH, 2011

Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - 7			
INCOME			
Credit Balances written back		-	2,426,418
		-	2,426,418
SCHEDULE - 8			
ADMINISTRATIVE EXPENSES:			
Bank Charges		1,358	1,298
Remuneration to Auditors		44,120	44,120
Other Expenses		47,730	4,953,163
		93,208	4,998,581

SB

SCHEDULE - 9
NOTES ON ACCOUNTS

I SIGNIFICANT ACCOUNTING POLICIES:

1 SYSTEM OF ACCOUNTING

The Company follows the accrual system of accounting.

II NOTES ON ACCOUNTS:

1 The Company has not received the confirmation of balances from Sundry Debtors, Sundry Creditors, Financial Institutions and other Group Companies.

2(a) The Company has not made provision for interest of Rs. 30,099,071/-for the year on account of Unsecured loans from Banks and other Institutions. (Cumulative upto the year is Rs.196,654,688/-)

2(b) The Company is in receipt of demand notice dated 2nd June 2008 of Rs.1,62,097 from ESI towards recovery of damages u/s 85(B) (2) of the ESI act for delayed payment of ESI contributions for the period from April' 03 to September' 03. The above liability has not been considered in the Accounts.

The loss for the year would have been higher at Rs.30,192,278/-and the balance in Profit & Loss account would have been Rs. 481,973,559/-.

3 No confirmation of balance on deposit of Rs. 9,55,00,000/- is received from MPSIDC as on 31st March, 2011. Similarly, there is no confirmation from Indusind Bank Ltd., for the Un Secured Loan of Rs. 4,93,00,000/-.

The Company is in the process of having an one time settlement of the dues with the Bank & the Institutions. It is felt by the Company that the settlement amount would be very much lower than the outstanding amount.

4 The accounts of the Company have not been prepared on a going concern basis, because the Company does not own any manufacturing facility as on the date of Balance Sheet. Hence, the information relating to Licenced, Installed capacity, Production of Goods manufactured, Turnover, Stocks and Finished Goods etc., as per Clause 4, Part II of Sch VI of Companies Act, 1956 are not applicable.

5 DIRECTOR'S REMUNERATION:

No remuneration has been paid to any of the Directors during the year.

6 AUDITORS REMUNERATION:

	2010-11	2009-10
	Rs.	Rs.
Audit Fees	40,000	40,000

7 Related party disclosures: There is no transactions with related parties to be disclosed as required by AS - 18 of ICAI

8 Calculation of Basic & Diluted Earnings per Share

	2010-11	2009-10
a.Numerator used - Loss	93,207	93,207
b.Denominator used - Number of equity shares	4,000,000	4,000,000

9 Taxes on Income pursuant to AS-22:

The deferred tax asset arising on carry forward losses and un-absorbed depreciation is not recognised, since there is no virtual certainty of sufficient future profits against which such deferred tax asset can realised.

STI PRODUCTS INDIA LIMITED

10 Since there is no business carried out during the year and there are no fixed assets existing there is no requirement of disclosure under AS 17 Segment Reporting issued by ICAI.

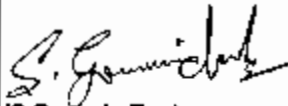
11 Investment in Shares held by the Company is a long term investment. No provision is made for the diminution in the value of these investments keeping in mind the vagaries in the market value.

12 As per provisions of Micro, Small and Medium Enterprises development Act, 2006 (MSMED ACT, 2006), no amounts due beyond 45 days payable to Micro, Small & Medium Enterprises as on 31.03.11.

13 Previous year's figures have been regrouped wherever necessary to conform with that of current years presentation.

As per our report annexed
For G R S R A & Co.
Chartered Accountants
Firm Regn No. 012240S

For and on behalf of the Board of Directors



(S. Govinda Rao)
Partner

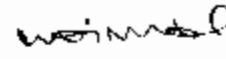
M.No. 020526

Date : 30th June 2011

Place : Bangalore



(K.N. Garg)
Director



(Vivek Lolwal)
Director

Date : 30th June 2011

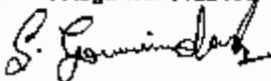
Place : Indore

STI PRODUCTS INDIA LIMITED

CASH FLOW STATEMENT FOR THE YEAR 2010-11

	2010-11 (Rs. in lakhs)	2009-10 (Rs. in lakhs)
A Cash Flow from Operating Activity		
Net profit before tax and extraordinary items	(0.93)	(25.72)
Add: Depreciation	-	-
Fixed Assets Writtenoff	-	-
Interest Charged	-	-
Less: Interest Received	-	-
Dividend Received	-	-
Bad Debts realised	-	-
Profit/(loss) on sale of Investments	-	-
Profit/(loss) on sale of Fixed Assets	-	-
Operating Profit before Working Capital Changes	(0.93)	(25.72)
Adjustment for		
Trade and other receivables	0.75	19.96
Inventories	-	-
Trade and other payables	0.12	(0.12)
Cash Generated from Operations	(0.06)	(5.87)
Interest paid	-	-
Direct Taxes paid	-	-
Cash Flow before extraordinary items	(0.06)	(5.87)
Extraordinary items	-	-
Net Cash Flow from operating activities	(0.06)	(5.87)
B CASH FLOW FROM INVESTING ACTIVITY		
Purchase of Fixed Assets	-	-
Decrease in capital work - in - progress	-	-
Sale of Fixed Assets	-	-
Interest received	-	-
Dividend received	-	-
New Investments	-	-
Net Cash used in Investing Activities	-	-
C Cash Flow from Financing Activity		
Proceeds from issue of Share Capital	-	-
Profit on reissue of Forfeited Shares	-	-
Proceeds from Long Term Borrowings	-	(18.73)
Dividend paid	-	-
Net cash used in Financing Activity	-	(18.73)
D Net increase in Cash and Cash Equivalents		
Opening balance Cash equivalents	0.29	0.27
Closing balance Cash equivalents	0.23	0.29

Per our report annexed
for G R S R A & Co
Chartered Accountants
Firm Regn No. 012240S



(S. Govinda Rao)
Partner

M. No. 020546

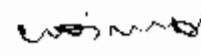
Date : 30th June, 2011

Place : Bangalore

For and on behalf of the Board of Directors



(K.N. Garg)
Director



(Vivek Lolwal)
Director

Date : 30th June, 2011

Place : Indore

**STI PRODUCTS INDIA LIMITED
PROXY FORM**

I/We _____ of _____ being a Member/Members of STI Products India Limited, hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the 37th ANNUAL GENERAL MEETING of the Company to be held on Friday, the 30th September, 2011 at 11.00 AM at Regd. Office: No.62, AG's Layout, New BEL Road, Bangalore – 560 054 and/or at any adjournment thereof.

(As witness my/our hand(s))
This day _____ of _____ 2011
Folio No. _____

Affix Re.1
Revenue
Stamp

Note: The Proxy, to be valid must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting.

**STI PRODUCTS INDIA LIMITED
ATTENDANCE SLIP**

Thirty Seventh Annual General Meeting –th September, 2011

Share holder's Name _____ Folio No. _____
Proxy, Name _____

I am a registered Shareholder / proxy of the registered shareholder. I record my presence at the 37th ANNUAL GENERAL MEETING of the Company, on Friday, the 30th September, 2011 at 11.00 AM at Regd. Office: No.62, AG's Layout, New BEL Road, Bangalore – 560 054.

Signature of the Shareholder / Proxy _____

**STI PRODUCTS INDIA LIMITED
CHANGE OF ADDRESS SLIP**

M/s. Link Intime India Pvt. Ltd.
543A, 7th Main, 3rd Cross,
Hanumanth Nagar,
Bangalore – 560 019
Phone : ++91 - 080 – 2650 9004

Folio No. _____

Please take on record my new address as under for all future communications

Full Name: _____
Address : _____

(Signature of Shareholder)
(Please fills above details in BLOCK LETTERS)

BOOK POST



STI PRODUCTS INDIA LIMITED

No. 62, AG'S Layout, New BEL Road,
BANGALORE - 560 054