

**20<sup>th</sup> ANNUAL REPORT 2004-2005**



**STERLING**

**STERLING STRIPS LIMITED**

## **STERLING STRIPS LIMITED**

### **BOARD OF DIRECTORS**

S. VENAKATA SUBRAMANIAN  
DEEPAK S. SHAH  
RAJLAKSHMI V.  
RAJESH ULHAS DESHPANDE  
MUKUND GOPAL GHARPURE  
BAKUL SHAH

CHAIRMAN & MANAGING DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR

### **BANKERS**

STATE BANK OF TRAVANCORE  
STATE BANK OF INDORE

### **AUDITORS**

M/S. D. C. BOTHRA & CO.  
CHARTERED ACCOUNTANTS,  
61-A, MITTAL COURT,  
NARIMAN POINT  
MUMBAI - 400 021.

### **REGISTERED OFFICE & WORKS**

A-8/4, MIDC INDUSTRIAL AREA,  
MURBAD, DIST. THANE,  
MAHARASHTRA - 421 401.

### **CORPORATE OFFICE**

2/10, MEGHAL SERVICE INDUSTRIAL ESTATE,  
DEVIDAYAL ROAD, MULUND (W),  
MUMBAI - 400 080.

### **SHARE TRANSFER DEPARTMENT**

BIGSHARE SERVICES PVT. LTD.  
E-2/3, ANSA INDUSTRIAL ESTATE,  
SAKIVIHAR ROAD, SAKI NAKA,  
ANDHERI (E),  
MUMBAI - 400 072.

**STERLING STRIPS LIMITED****NOTICE**

Notice is hereby given that the Twentyth Annual General Meeting of the members of the Company will be held at its Registered Office at A-8/4, M.I.D.C. Murbad, Dist. Thane - 421 401, on Thursday the 29<sup>th</sup> September, 2005 at 4.00 P.M. to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit & Loss Account for the year ended on that date and the Reports of the Auditors & Directors thereon.
2. To appoint a Director in place of Mr. Deepak Shah who retires by rotation and being eligible, offer himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

To consider and if thought fit, to pass with or without modification the below mentioned resolutions as **Ordinary Resolution**

4. "RESOLVED THAT Mr. Rajesh Ulhas Deshpande who has been appointed as Additional Director on the board, be and is hereby appointed as Director liable to retire by rotation."
5. "RESOLVED THAT Dr. Mukund Gopal Gharpure who has been appointed as Additional Director on the board, be and is hereby appointed as Director liable to retire by rotation."
6. "RESOLVED THAT Mr. Bakul Shah who has been appointed as Additional Director on the board, be and is hereby appointed as Director liable to retire by rotation."

To consider and if thought fit, to pass with or without modification the below mentioned resolutions as **Special Resolution**

7. "RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions, if any of the Companies Act, 1956, read with schedule XIII to the said Act, consent of the Company be and is hereby accorded to the re-appointment of Sri S. Venkata Subramanian, as non retiring Managing Director of the company for a period of five years with effect from 1<sup>st</sup> April, 2005 on such terms and conditions as set out in the Explanatory Statement."
8. "RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions, if any of the Companies Act, 1956, read with schedule XIII to the said Act, consent of the Company be and is hereby accorded to the appointment of Sri Deepak S. Shah, as Wholtime Director of the company for a period of five years with effect from 1<sup>st</sup> April, 2005 on such terms and conditions as set out in the Explanatory Statement."

BY ORDER OF THE BOARD OF DIRECTORS  
For, STERLING STRIPS LIMITED

Regd. Off. : A-8/4, M.I.D.C., MURBAD  
THANE - 421 401.

PLACE : MUMBAI  
DATE : 04.08.2005

S. VENKATA SUBRAMANIAN  
CHAIRMAN & MANAGING DIRECTOR

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself and such proxy need not be a member of the company. Proxy Form in order to be effective must be deposited with the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 26<sup>th</sup> September, 2005 to 29<sup>th</sup> September, 2005 (Both days inclusive)
3. Members are requested to notify immediately any change in their address to the Company at its Corporate Office. Any communication with the Company will be greatly facilitated if registered folio number is quoted.
4. Members/Proxies should bring their attendance slip duly filled in for attending the meeting.

**Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956****Item No. 4**

Mr. Rajesh Ulhas Deshpande was appointed as an Additional Director in the Board of Directors of the Company w.e.f 30<sup>th</sup> June, 2005. Mr. Deshpande is a B-Tech (Chemical Engg.) and MMS by qualification and has got vast experience of around 20 years in the field of energy conservation and business management consultancy. The Board is of the opinion that being expert in the field of energy conservation which is the line of the business of the company, his association would be most beneficial to the progress of the company. As per provisions of the Companies Act, 1956, he can hold the office as a director till the conclusion of the ensuing Annual General Meeting. Therefore, the Board recommended the re-appointment of Mr. Deshpande as Director on the Board of the Company.

None of the Directors except Mr. Deshpande is concerned or interested in any way to this resolution.

**Item No. 5**

Dr. Mukund Gopal Gharpure was appointed as an Additional Director in the Board of Directors of the Company w.e.f 30<sup>th</sup> June, 2005. Dr. Gharpure is a Ph.D. (Chemical Engg.) by qualification and has got vast experience of more than 20 years in the field of energy conservation & audit. The Board is of the opinion that being an expert in the field of energy conservation & audit, his association would be most beneficial to the progress of the company. As per provisions of the Companies Act, 1956, he can hold the office as a director till the conclusion of the ensuing Annual General Meeting. Therefore, the Board recommended the re-appointment of Dr. Gharpure as Director on the Board of the Company.

None of the Directors except Dr. Gharpure is concerned or interested in any way to this resolution.

**Item No. 6**

Mr. Bakul Shah was appointed as an Additional Director in the Board of Directors of the Company w.e.f 30<sup>th</sup> June, 2005. Mr. Shah is a Chartered Accountant by qualification and has got vast experience of more than 20 years in the field of Accounts & Finance. He is involved in the Printing business & also an exporter. The Board is of the opinion that being an expert in the field of Finance & Accounts along with industry experience, his association would be most beneficial to the progress of the company. As per provisions of the Companies Act, 1956, he can hold the office as a director till the conclusion of the ensuing Annual General Meeting. Therefore, the Board recommended the re-appointment of Mr. Shah as Director on the Board of the Company.

None of the Directors except Mr. Shah is concerned or interested in any way to this resolution.

**STERLING STRIPS LIMITED****Item No. 7**

The Board of Directors, re-appointed Sri S. Venkata Subramanian, as a Managing Director of the company for a period of five years with effect from 1<sup>st</sup> April, 2005, subject to the approval of Shareholders in the general meeting, on terms and conditions as set out herein below.

**1. SALARY**

Salary of Rs. 50,000/- - 10,000/- - 90,000/- per month.

**2. PERQUISITES :**

- a) Medical reimbursement for self and family  
Reimbursement of actual expenses subject to a ceiling of one month's salary in one year maximum of 3 months salary in a block of three years.
- b) Leave Travel Concession  
Self and family as per the rules of the Company
- c) Car Facility  
Provision of car with driver primarily for doing business of the company and partly for personal use, value of perquisites being assessed as per provisions of Income Tax Rules, 1962 & Fringe Benefit Tax Provisions.
- d) Accommodation Facility  
Provision for need based furnished accommodation – perquisites shall be evaluated as per Income Tax Rules, 1962 & Fringe Benefit Tax Provisions.
- e) Provident Fund and Gratuity  
The Company's contribution to Provident Fund and Gratuity shall be as per rules applicable to the senior executives of the company.
- f) Personal Accident Insurance  
As per rules of the Company.

**3. PRIVILEGE LEAVE**

On full pay, an allowance as per Rules of the company, but not more than one month leave for every eleven months of services rendered. Leave accumulated, but not availed, will not be allowed to be encashed.

**4. ENTERTAINMENT EXPENSES**

The Managing Director shall be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

So long as he functions as Managing Director of the Company, he shall not be paid any sitting fees for attending meeting of the Board of the Directors or committees thereof.

The Managing Director shall not be subject to retirement by rotation.

This may be treated as an abstract under section 302 of the Act, of the terms of re-appointment of the Managing Director w.e.f 1<sup>st</sup> April, 2005.

The resolution for appointment of Sri S. Venkata Subramanian, as a Managing Director is recommended to the members for approval.

Sri S. Venkata Subramanian may be concerned or interested in the resolution as a Director and Mrs. Rajlakshmi V. as a relative of Sri S. Venkata Subramanian. No other Director is concerned or interested in the resolution.

**Item No. 8**

The Board of Directors, appointed Sri Deepak S. Shah, as a Wholetime Director of the company for a period of five years with effect from 1<sup>st</sup> April, 2005, subject to the approval of Shareholders in the general meeting, on terms and conditions as set out herein below.

Salary: Rs. 45,000/- per month with such revision that may be approved by the Board from time to time.

**Perquisites:**

Housing: Free furnished accommodation with the cost of gas, electricity, water, soft furnishing and telephone being born by the company. Cost of personal long distance calls will be born by Sri Deepak S. Shah.

Car: Company car with driver under the Company Scheme applicable for senior executive staff of the Company.

Medical: Reimbursement for self and family at actuals, including cost of medical insurance.

Leave Travel Concession: For self and family as per applicable Rules of the Company.

Leave Encashment: As per applicable Rules of the Company.

Other: Personal Accident Insurance, and other perquisites which are applicable to senior executives staff of the company shall also apply to Sri Shah.

Other Allowance: Other allowance may be paid as may be decided by the Board from time to time.

Retiral Benefits: Contribution to the Provident Fund / Superannuation Fund as per the rules and regulation governing the said fund

Gratuity will be payable in accordance with the rules applicable to the senior executives of the company.

Leave: Sri Shah will be entitled to leave on full pay, including perquisites and allowance as per applicable Rules of the company.

This may be treated as an abstract under section 302 of the Act, of the terms of appointment of the Wholetime Director w.e.f. 1<sup>st</sup> April, 2005.

The resolution for appointment of Sri Deepak S. Shah, as a Wholetime Director is recommended to the members for approval.

Sri Deepak S. Shah may be concerned or interested in the resolution as a Director. No other Director is concerned or interested in the resolution.

BY ORDER OF THE BOARD OF DIRECTORS  
For STERLING STRIPS LTD.

Regd. Off. : A-8/4, M.I.D.C., MURBAD  
THANE - 421 401.

PLACE : MUMBAI  
DATE : 04.08.2005

Sd/-  
S. VENKATA SUBRAMANIAN  
CHAIRMAN & MANAGING DIRECTOR

## STERLING STRIPS LIMITED

## DIRECTOR'S REPORT TO THE MEMBERS

**Dear Members,**

Your Directors have pleasure in presenting the 20<sup>th</sup> Annual Report together with Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2005 and Auditors Report thereon :

**FINANCIAL RESULTS**

|  | (Rs. in Lacs) |          |
|--|---------------|----------|
|  | 2004-05       | 2003-04  |
| Sales & Other Income                         | 236.87        | 72.31    |
| Profit/(Loss) Before Interest & Depreciation | 31.38         | (6.75)   |
| Less : Interest & Finance Charges            | 1.29          | 0.20     |
| Profit/(Loss) Before Depreciation            | 30.09         | (6.95)   |
| Less : Depreciation                          | 22.09         | 20.22    |
| Profit/(Loss) Before Tax                     | 8.00          | (27.17)  |
| Less : Provision for Tax                     | -             | -        |
| Profit/(Loss) After Tax                      | 8.00          | (27.17)  |
| Add : Balance brought forward                | (734.62)      | (707.44) |
| Balance carried to Balance Sheet             | (726.62)      | (734.62) |

**DIVIDEND**

Considering the financial health of the company , your Directors are unable to recommend any dividend.

**OPERATIONS**

The Company has recorded a turnover of Rs.234.73 Lacs excluding the other income against turnover in the previous year of Rs.72.02 Lacs. Further the Company has made a profit of Rs.8.00 Lacs for the year ended 31st March 2005 as against a Loss of Rs.27.17 Lacs during the previous year ended 31st March 2004. The reference of the company, registered with BIFR as Case No. 295/2003 is pending for hearing. The appeals of the company before AAIFR are listed for hearing.

**BUSINESS PROSPECTS**

The Company has already turned the corner by generating a profit of Rs. 8.00 lacs against continuous losses for last 7 years. Visualizing the boom in the steel industry and overall growth in the economy the company capitalised on this opportunity and received major orders from the sponge iron industry. The company's current order booking is comfortable and it will be able to gainfully exploit its infrastructure leading to generation of profits in the ensuing years. The company has approached their bankers with a revival & rehabilitation proposal.

**FIXED DEPOSITS**

During the year under review the Company has not accepted any deposits within the meaning of Section 58-A of Companies (Acceptance of Deposits) Rules, 1975.

**DIRECTORS**

Mr. Deepak Shah retires by rotation & being eligible offer himself for re-appointment.

Mr. Deshpande, Dr. Gharpure & Mr. Shah were appointed as an Additional Directors on the Board of the Company w.e.f 30<sup>th</sup> June, 2005. Mr. Deshpande, Dr. Gharpure & Mr. Shah can hold office till the conclusion of ensuing Annual General Meeting. Board proposes re-appointment of Mr. Deshpande, Dr. Gharpure & Mr. Shah as Directors of the Company at the ensuing Annual General Meeting.

**AUDITORS**

M/s. D.C. Bothra & Co. Chartered Accountants, Auditors of the Company retire at the forthcoming Annual General

Meeting. They are eligible for re-appointment and have furnished a certificate, certifying that their re-appointment shall be within the limits of Section 224 (1) of the Companies Act, 1956. Your Directors recommend their re-appointment.

**AUDITORS REPORT**

With regards to the observations made by the Statutory Auditors in their Report, suitable explanations have been included in the notes forming part of accounts.

**REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE**

The Board has adopted the principles of good Corporate Governance and is committed to adopting, besides any obligations under the relevant practices for governance. We believe that good governance is voluntary and self-disciplining with the strongest impetus coming from Directors, and the management itself. The Board lays emphasis on integrity, transparency and accountability. Compliance Report on Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchange, is annexed.

**DIRECTORS RESPONSIBILITY STATEMENT**

In the preparation of annual accounts for the year ended 31st March 2005, the Company have followed the applicable accounting standards along with proper explanation relating to material departures.

The Directors have selected such accounting policies and applied them consistently and made judgements 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 financial year and of the profit and loss of the Company for the year ended 31st March, 2005.

The Director 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.

The Directors have prepared the annual accounts on a going concern basis.

**PERSONNEL**

The relations with the employees of the company continued to be cordial throughout the year under report.

None of the employees has been paid remuneration above the amount prescribed under Section 217 (2A) of the Companies Act, 1956.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUT GO**

A Statement furnishing the information as required under the Companies (Disclosure of particulars in the Report of Directors) Rules 1988 is annexed.

**ACKNOWLEDGEMENT**

Your Directors take this opportunity to place on record their sincere gratitude for the valuable support extended to your Company by its Bankers, Financial Institutions and Government Authorities.

For and On Behalf of the Board

**S. VENKATA SUBRAMANIAN**  
**CHAIRMAN & MANAGING DIRECTOR**

Place : Mumbai.

Dated : 04.08.2005



**STERLING STRIPS LIMITED****INFORMATION UNDER LISTING AGREEMENT WITH STOCK EXCHANGES COMPLIANCE REPORT ON CORPORATE GOVERNANCE.**

(Clause 49 of the Listing Agreement)

| Clause No. | Clause Reference          | Particulars  | Status of Company   |
|------------|---------------------------|--|---|
| 49 I       | Board of Directors        | The Company shall have at least fifty percent of Directors as Non Executive Directors. In case of Executive Chairman, half of the Board should comprise of independent Directors.                              | Chairman & Managing Director looks after the day-to-day affairs. The present strength of Board is 6 out of which 4 are Non-Executive Directors. Hence, the condition stands complied.   |
|            |                           | All pecuniary relationship or transaction between Non-Executive Directors and the Company should be disclosed.   | There is no pecuniary relationship with any Non-Executive Director or any transaction with them. Hence, no disclosure is required.  |
| 49 II      | Audit Committee           | The Audit committee shall have minimum three Non-Executive Directors as members and majority of them should be independent Directors. At least one Director shall have the financial and accounting knowledge. | Audit Committee under section 292A of Companies Act is already formed. The terms of reference are to review periodical financial statement of the company and to ensure compliance of internal control systems, apart from investigating into any matter as may be referred to it by the Board. |
|            |                           | Chairman of the Committee should be present as the Annual General Meeting to answer the Shareholders queries.  | Yes, he will be present at the AGM to answer the Shareholders queries.  |
|            |                           | The Financial Head, Head of internal Audit and representative of the Company should be present in the meeting of Audit Committee.  | Yes, they will be present in the meeting of the Audit Committee.  |
|            |                           | Company Secretary shall act as Secretary of the Committee.   | The Practicing Company Secretary shall be nominated as Secretary of the Committee.  |
|            |                           | The Audit Committee shall meet at least four times in a year with maximum gap of 4 months in between two meetings.   | The Committee met 4 times in 2004-05 on 30 <sup>th</sup> April, 2004, 30 <sup>th</sup> July, 2004, 30 <sup>th</sup> October, 2004 & 15 <sup>th</sup> January, 2005.   |
| 49 III     | Remuneration of Directors | Remuneration of Non-Executive Directors will be decided by the Board.  | Remuneration paid to Non-Executive Director has been approved by the board.   |
|            |                           | Disclosure of remuneration in the section of Corporate Governance.   | Remuneration paid to whole time Director is within Schedule XIII of Companies Act, 1956.  |

**STERLING STRIPS LIMITED**

|      |  |  |  |
|------|--|--|--|
| 49IV | Board Procedure                              | The Board meeting should be held at least four times in a year with a maximum gap of four months between two meetings. | The board met 4 times in 2004-05 on 30 <sup>th</sup> April, 2004, 30 <sup>th</sup> July, 2004, 30 <sup>th</sup> October, 2004 & 15 <sup>th</sup> January, 2005.  |
|      |  | Attendance of each Director at Board Meetings and Annual General Meeting.  | Except three Director appointed on 30.6.2005 all other Directors of the company have attended all the Board Meetings and last AGM held during the year.  |
|      |  | Number of other Board or Committees of Board in which the Director is member or Chairman.                              | Except Dr. Gharpure who is a Director on the Board of M/s Goldenstar Tech. Serv. Pvt. Ltd., M/s Madhura Chemical Pvt. Ltd., M/s Feedback Control System Pvt. Ltd. and M/s Yajna Energy Services Pvt. Ltd. and Mr. Deshpande who is the Managing Director on the board of M/s Energetic Consulting Pvt. Ltd. None of your Directors are on the Board or in any committees of any other company other than your company. |
| 49V  | Management                                   | A management discussion and analysis report should be part of the Annual Report.                                       | Annexed separately   |
| 49VI | Shareholder's/Investors' Grievance Committee | Shareholder's/Investors' Grievance Committee   | The Shareholder's Grievance Committee is looking in to redressing of shareholder's and investors' grievances like transfer of shares, non receipts of annual report etc. Complaints and queries received from shareholders are being attended to and getting resolved on timely basis.   |

**49VII. SHAREHOLDER INFORMATION**

1. Registered Office & Works : A-8/4, M.I.D.C Industrial Area, Murbad, Dist : Thane.
2. Board of Directors : Mr. S Venkata Subramanian, CMD  
Mr. Deepak S. Shah  
Mrs. Rajlakshmi V.  
Mr. Rajesh Ulhas Deshpande  
Mr. Mukund Gopal Gharpure  
Mr. Bakul Shah
3. Committee of Directors : Audit Committee  
Share Transfer Committee  
Shareholders / Investor Grievance Committee  
Remuneration Committee.