

## **21<sup>st</sup> ANNUAL REPORT 2005 - 2006**



# **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 Twenty – first 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 28<sup>th</sup> September, 2006 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, 2006 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors & Auditors thereon.
2. To appoint a Director in place of Mr. Rajesh Ulhas Deshpande who retires by rotation and being eligible, offer himself for reappointment.
3. To appoint a Director in place of Mrs. Rajalakshmi Venkat who retires by rotation and being eligible, offer herself for reappointment.
4. 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.

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

PLACE : MUMBAI  
DATE : 29.07.2006

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

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 25<sup>th</sup> September, 2006 to 28<sup>th</sup> September, 2006 (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. 2

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. and subsequently re-appointed in last AGM retires by rotation at this AGM. 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, reappointed 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 are concerned or interested in any way to this resolution.

## Item No. 3

Mrs. Rajalakshmi Venkat is a Director on the Board retires by rotation of Directors at this AGM. Mrs. Rajalakshmi Venkat is a Graduate in Arts and has got experience of more than 20 years in the field of business administration. The Board is of the opinion that being an experienced person in the field of business administration, her association would be most beneficial to the progress of the company. As per provisions of the Companies Act, 1956, she can hold the office as a director till the conclusion of the ensuing Annual General Meeting. Therefore, the Board recommended the re-appointment of Mrs. Rajalakshmi Venkat as Director on the Board of the Company.

None of the Directors except Mrs. Rajalakshmi Venkat and Mr S. Venkat being relative of Mrs. Rajalakshmi Venkat are concerned or interested in any way to this resolution.

**STERLING STRIPS LIMITED****DIRECTOR'S REPORT TO THE MEMBERS****Dear Members,**

Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report together with Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2006 and Auditors Report thereon :

**FINANCIAL RESULTS**

	(Rs. in Lacs)	
	2005-06	2004-05
Sales & Other Income	252.73	236.87
Profit/(Loss) Before Interest & Deprecation	30.12	31.38
Less : Interest & Finance Charges	0.37	1.29
Profit/(Loss) Before Depreciation	29.75	30.09
Less : Depreciation	20.19	22.09
Profit/(Loss) Before Tax	9.56	8.00
Less : Provision for Tax	0.87	—
Profit/(Loss) After Tax	8.69	8.00
Add: Prior Period adjustment	0.33	—
Add : Balance brought forward	(726.62)	(734.62)
Balance carried to Balance Sheet	(717.60)	(726.62)

**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.252.72 Lacs excluding the other income against turnover in the previous year of Rs.234.73 Lacs. Further the Company has made a profit before tax of Rs. 9.56 Lacs for the year ended 31<sup>st</sup> March 2006 as against a profit of Rs. 8.00 Lacs during the previous year ended 31<sup>st</sup> March 2005. The reference of the company, registered with BIFR as Case No. 295/2003 is pending for hearing.

**BUSINESS PROSPECTS**

The Company has already turned corners last year by generating a profit of Rs. 8.00 lacs against continuous losses for 7 years. Although increase in turnover and profits for this year are marginal as compared to last year, it shows a positive step in the direction of growth. The boom in the economy and an upsurge in the demand for capital goods has paved the way for the company in receiving numerous enquiries from its esteemed clientele base. The Board is of the opinion that the company will be able to encash on this opportunity and will receive a number of orders in turn generating handsome profits in the coming years.

**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. Deshpande retires by rotation & being eligible offer himself for re-appointment.

Mrs Rajalakshmi retires by rotation & being eligible offer her-self for re-appointment.

**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 31<sup>st</sup> March 2006, 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 31<sup>st</sup> March, 2006.

The Directors 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

Sd/-  
**S. VENKATA SUBRAMANIAN**  
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai.  
Dated : 29.07.2006

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This management discussion and analysis report has been prepared in compliance with the requirement of listing agreement and contains expectations and projections about the strategy for growth, market position, expenditures and financial results. The Company's actual results, performance or achievements could differ from those projected in such forward looking statements on the basis of any subsequent development, information or events for which the company does not bear any responsibility.

### Industry Structure & Development

Strong investment in the economy paved the way for buoyancy in the capital goods sector of the industry. All the sectors of the economy being in expansion mode there is a huge demand for capital goods. Demand outstripping the supply has seen capital equipment manufacturers being over booked, which also paves the way for new entrants in the engineering sector.

### Opportunities & Threats.

Company's expertise in the energy cost reduction sector provides a huge opportunity for the company's products. The past few years have witnessed a huge spurt in the prices of oil and lead to increase in energy cost to all the industries. Increase in energy cost made industries to think about investment in energy cost saving equipments. Huge demand for energy on account of industrial growth and increasing trend in the energy cost has opened a huge opportunity for the company to capitalize on its strength.

Increase in metal price and shortage of experienced man power are the areas of concern which can effect profitability of the industry.

### Product wise performance

The company has concentrated on energy cost saving equipments and supplied two waste heat recovery boilers during the financial year 2005-06.

### Outlook

Future outlook of the company is quite encouraging. With the supply of two waste heat recovery boilers the company is able to generate numerous enquiries for its specialized product. Keeping in view the enquiries and orders in hand it is anticipated that the company will outperform its last year growth in terms of both turnover and profit.

### Risk and concern

The company is exposed to risk arising out of inflation, timely payments by the customers, technology obsolescence and increase in input cost. Availability of skilled man power is the another major area of concern for the company. The company is keeping a close watch on these and is taking timely steps in this regard.

### Internal Control System and their adequacy

The Company has adequate Internal Control Systems and procedure in all areas of operations, which is commensurate with its size. Internal controls are reviewed periodically by the Audit committee.

### Financial Performance

Please refer to the Directors' Report

### Material Developments in Human Resources/ Industrial Relations

Company possess good quality of human resources. The Board wishes to place on record its appreciation for the sustained efforts and devoted contribution made by all the employees for its success.



**STERLING STRIPS LIMITED****CORPORATE GOVERNANCE REPORT**

1. As per the guidelines of SEBI & amended listing agreement with the stock exchanges, the company is making efforts to implement the guidelines taking in to consideration the size and location of the company.

**CORPORATE PHILOSOPHY**

Company believes that good corporate governance is essential to achieve long term corporate goals and to enhance stakeholder value.

**2. BOARD OF DIRECTORS**

The company has 2 executive and 4 non executive directors. During the financial year 7 Board meetings were held on 18<sup>th</sup> May 2005, 30<sup>th</sup> June, 2005, 28<sup>th</sup> July 2005, 4<sup>th</sup> August 2005, 12<sup>th</sup> August 2005, 15<sup>th</sup> October 2005 and 16<sup>th</sup> January 2006. The attendance of each Director at the Board Meeting and the last Annual General Meetings are as under :

Name of the Directors	Category	No. of Attendance At the Board Meeting	Whether Attended Last AGM	Membership on Board of other Companies
Mr. S. Venkata Subramanian	Chairman & Managing Director	6	YES	—
Mr. Deepak S. Shah	Whole Time Director	7	YES	—
Mrs. Rajalakshmi Venkat	Non Executive	7	YES	—
Mr. Rajesh Ulash Deshpande	Independent Director	5	YES	1
Dr. Mukund Gopal Gharpure	Independent Director	5	YES	4
Mr. Bakul Shah	Independent Director	5	YES	—

Mr. Rajesh Ulash Deshpandee is retiring by rotation and seeking reappointment. 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 an 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. He is Managing Director on the Board of M/s Energetic Consulting Pvt. Ltd.

Mrs. Rajalakshmi Venkat is a Director on the Board retires by rotation of Directors at this AGM. Mrs. Venkat is a Graduate in Arts and has got experience of more than 20 years in the field of business administration. The Board is of the opinion that being an experienced person in the field of Business administration, her association would be most beneficial to the progress of the company. As per provisions of the Companies Act, 1956, she can hold the office as a director till the conclusion of the ensuing Annual General Meeting. Therefore, the Board recommended the re-appointment of Mrs. Rajalakshmi Venkat as Director on the Board of the Company.

**BOARD PROCEDURE :**

The Board meet atleast once a quarter to review the quarterly performance, financial results and allied matters. A detailed agenda folder is sent to each Director in advance of the Board Meetings. In addition to the matters statutorily requiring Board's approval all major decisions involving policy, formulations, strategy and business plan are considered by the Board.

**3. AUDIT COMMITTEE**

The audit committee consisting of Sri Bakul Shah, Mr. Rajesh Ulhas Deshpande and Mrs. Rajalakshmi Venkat to oversee company's financial reporting & adequacy of internal control functioning properly. Mr. Dinesh Kumar Agarwal, Company Secretary acts as secretary to the committee. Three Audit Committee meeting were held during the financial year ended 31<sup>st</sup> March, 2006. Apart from the members, the Managing Director and other Finance Executives of the Company also attended the Meeting on invitation. The terms of reference were to review periodical financial statement of the company and to insure compliance of internal control system, apart from investigating into any matters as may be referred to it by the Board.

**4. REMUNERATION COMMITTEE**

The company has not formed a remuneration committee. The Executive Director are paid fixed remuneration as approved by the Board, Shareholders & Government authorities as may be necessary. No sitting fee is payable to whole -time- Directors of the Company.

The details of remuneration paid to Executive Directors during the financial year 2005-06 is as follows :

Name of Director	Remuneration
Mr. S.Venkata Subramanian	4,48,332/-
Mr. Deepak S Shah	4,37,376/-

**5. SHARE HOLDER'S & INVESTOR GRIEVANCE COMMITTEE**

The Composition of Shareholder's/Investor's Grievance Committee as at March,31, 2006 is as under:

Name of Director	Category
Mrs. Rajalaxmi Venkat	Non-Executive
Mr. Rajesh Ulhas Deshpande	Non-Executive
Dr. Mukund Gopal Gharpure	Non-Executive

**REFERENCE :**

The Gist of terms of reference is as follows :

- Transfer/transmission of shares and all other matter related thereto.
- redressal of investor's/shareholders' grievances.

The complaints/grievances from share holders/investor received during the year under review have been redressed and none is pending for disposal.

**6. GENERAL BODY MEETING  
ANNUAL GENERAL MEETING**

Date	Venue	Time	No. of Special Resolution
27 <sup>th</sup> Sept. 2003	Registered Office of the company A-8/4, MIDC, Murbad, Thane.	4.00 P.M.	-
25 <sup>th</sup> Sept. 2004	Registered Office of the company A-8/4, MIDC, Murbad, Thane.	4.00 P.M.	-
29 <sup>th</sup> Sept. 2005	Registered Office of the company A-8/4, MIDC, Murbad, Thane.	4.00 P.M.	2

**7. DISCLOSURE**

- a) There are no materially significant related party transaction i.e, transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the company.
- b) There are no penalties, strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority for non-compliance by the company, on any matter related to capital markets, during the last three years.

**8. MEANS OF COMMUNICATION**

- a. The quarterly, half yearly and full year results are taken on record by the Board of Directors and submitted to the Stock Exchanges in terms of the requirements of Clause 41 of the Listing Agreement and are published in 'Free Press Journal' & 'Navshakti Newspapers'.
- b. The Management Discussion and Analysis Report is attached with the Directors' Report in this 21<sup>st</sup> Annual Report of the Company posted to shareholders.