CORPORATE Information

CONTENTS

BOARD OF DIRECTORS

- Sh. R.K. Garg, Chairman
- Sh. Dheeraj Garg, Managing Director
- Sh. Arun Prakash S. Korati
- Rear Adml. M.M. Chopra, AVSM (Retd.)
- Sh. H.K. Singhal
- Sh. Narendar Kumar, Nominee (IFCI)
- Ms. Priya Garg
- Sh. S.K. Bansal
- Sh. S.S. Grewal
- Sh. S.S. Jha

REGD. OFFICE & WORKS

- Village Somalheri/Lehli,
  P.O. Dappar,
  Tehsil Derabassi,
  Distt. S.A.S. Nagar (Mohali) Punjab.

HEAD OFFICE

- SCO 49-50,
  Sector 26, Madhya Marg,
  Chandigarh-160 019.

REGISTRAR & TRANSFER AGENTS

- Intime Spectrum Registry Limited
  A-40, 2nd Floor, Near Batra Banquet Hall,
  Naraina Industrial Area, Phase II,
  New Delhi-110 028

COMPANY SECRETARY

- Sh. Shaman Jindal

BANKERS / INSTITUTIONS

- DEG, Germany
- Technology Development Board
- UTI Bank Limited
- Punjab National Bank
- HDFC Bank Limited
- State Bank of Indore
- Indian Overseas Bank
- IFCI Limited

AUDITORS

- M/s S.C. Dewan & Co.
  Chartered Accountants
  SCO 90, 1st Floor, Swastik Vihar
  Panchkula.

STEEL STRIPS WHEELS LIMITED

Village Somalheri/Lehli, P.O. Dappar,
Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab.

NOTICE

NOTICE is hereby given that the **21st Annual General Meeting** of the Shareholders of the Company shall be held as scheduled below :

Day & Date	:	**Thursday, 27th day of September, 2007**
Time	:	**11.00 A.M.**
Venue	:	**Company's Regd. Office at Village Somalheri/Lehli, P.O. Dappar, Tehsil Dera Bassi, Distt. Mohali (Punjab)**

to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account and Cash Flow Statement for the year ended March 31, 2007, the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To declare dividend.
3. To elect a Director in place of Ms. Priya Garg who retires by rotation and being eligible offers herself for re-appointment.
4. To elect a Director in place of Sh. S.S. Grewal who retires by rotation and being eligible offers himself for re-appointment.
5. To elect a Director in place of Sh. S.K. Bansal who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors to hold office from the date of conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company on the terms and conditions to be decided by the Board of Directors. The retiring Auditors M/s S.C. Dewan & Co., Chartered Accountants, being eligible offer themselves for reappointment.

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy so appointed need not be a member of the Company. The proxy executed and properly stamped should reach the Company's Registered Office or Head Office at least 48 hours before the time of the meeting. The Blank Proxy Form is enclosed herewith.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 15.09.2007 to 27.09.2007 (both days inclusive).
3. The Dividend, if approved, will be paid to members whose names appear on Register of Members of the Company on 14.09.2007. Members are requested to notify their changed address, if any, immediately.
4. The Company is maintaining the "INVESTORS SERVICE CELL" at its Head Office at SCO 49-50, Sector 26, Madhya Marg, Chandigarh-160 019.
5. Members having any queries relating to Annual Report are requested to send their queries at least seven days before the date of the Meeting.
6. Pursuant to the Provision of Section 205A of the Companies Act, 1956, Unclaimed/Unpaid dividend for the year ended 31.03.1999 was transferred to "INVESTORS EDUCATION AND PROTECTION FUND" in the year 2006. This year the Unpaid/Unclaimed Dividend for the year ended 31.03.2000 shall be transferred to the "INVESTORS EDUCATION AND PROTECTION FUND" constituted under Section 205C of the Act in October, 2007. Thereafter no claim shall lie against the Company or the said fund, in respect of the same. Members who have not encashed their dividends are requested to claim the dividend from the Company immediately.
7. M/s Intime Spectrum Registry Limited, A-40, 2nd Floor, Naraina Industrial Area, Near Batra Banquet Hall, Phase-II, New Delhi-110028 are acting as the common agency to carry out the Dematerialization and physical transfer of shares. The shareholders are requested to send the shares for transfer at the above mentioned address of the registrar.

By order of the Board of Directors
For STEEL STRIPS WHEELS LIMITED

Place : Chandigarh
Dated : 22.08.2007

H.K. SINGHAL
Director

DIRECTORS' Report

To The Members,

Your Directors are pleased to present the 21st Annual Report together with the audited accounts of the Company for the year ended March 31, 2007

FINANCIAL HIGHLIGHTS **(Rs. in Million)**

	2006-07	2005-06
Gross Income	2325.27	1837.14
Gross Profit Before Interest & Depreciation	**399.44**	**273.37**
Interest & Financial Charges	77.83	55.46
Profit Before Depreciation	321.61	217.91
Depreciation	122.52	106.45
Profit After Depreciation	199.09	111.46
Prior Period Adjustment	(7.85)	22.12
Profit Before Tax	**191.24**	**133.58**
Provision For Tax	17.42	9.16
Deferred Tax Liability	32.50	17.94
Fringe Benefit Tax	1.01	1.65
Profit Available For Appropriation	**140.31**	**104.83**
Proposed Dividend	18.08	17.72
Tax On Distributed Profits	3.08	2.48
Balance Carried Over To Balance Sheet	119.15	84.63

BUSINESS PERFORMANCE

Your Company achieved a production of 4.47 million wheels and sales of 4.47 million wheels as against production of 3.69 million & sales of 3.70 million wheels respectively during the previous year. The Company earned a gross income of Rs. 2325.27 million and profit after tax of Rs. 140.31 million as against Rs. 1837.14 million & Rs. 104.83 million respectively during last previous year recording a growth of 26.57 % and 33.85% in gross income and Profit after tax respectively. The gross profit before interest and depreciation has improved from Rs. 273.37 Million to Rs. 399.44 million.

MODERNIZATION CUM EXPANSION SCHEME

Your Company has completed its modernization cum expansion plan to increase its installed capacity to 7.5 Million Wheels per annum including for LCV Wheels. It has been partly financed by raising terms loans of Rs. 980 from DEG, Germany, Punjab National Bank, State Bank of Indore & Indian Overseas Bank.

India is now emerging as an auto component sourcing hub and all the automobile companies in the country are going ahead with ramping up their capacities.

To seize the above opportunity and to maintain its market share, the Company is setting up a new plant for manufacturing wheel rims for passenger Cars and MUVs at Oragadam (Tamil Nadu) to cater to the growing Southern Market. The project is likely to have its major share of sales from exports, as it is nearer to port.

The company is also in an advanced stage of planning to set up a commercial vehicle wheel project at Jamshedpur mainly to cater to TATA Motors.

ORAGADAM PROJECT

To cater to growing Southern Market and export market, the company is setting up a new plant for manufacturing wheels rims for passenger cars and MUVs at Oragadam near Chennai in Tamil Nadu with an initial installed capacity of 3.00 million Wheel Rims p.a. in the first phase of the project, which will be further enhanced to 6.0 Million Wheels per annum in the second phase. M/s Ring Techs Co., Japan, a sumitomo group company and one of the major steel wheel manufacturers in Japan, is providing technical assistance for the implementation of the project.

The company has already taken possession of Land measuring 35 Acres from the State Industries Promotion Corporation of Tamil Nadu Ltd. (SIPCOT) on leasehold basis.

The cost of the project during Phase I of the project is estimated at Rs.1,050 Million, which is proposed to be financed through Term Loans of Rs. 650 Million and balance through Equity/Foreign Currency Convertible Bonds.

UTI bank has sanctioned a term loan of Rs. 250 Million for the project. DEG, Germany has also sanctioned a term loan of Euro 7 million (equivalent to Rs. 400 million), out of which a sum of Rs. 50 million from UTI Bank and a sum of Euro 3.5 million from DEG have already been availed by the Company. Orders for all the major equipments have been placed and some of the equipments have started reaching the project site. Order for major equipment i.e. Complete Paint Plant has been placed on WURSTER, Germany, the renowned suppliers.

The project is likely to be commissioned by the end of this financial year and will start commercial production w.e.f. April, 2008.

JAMESHEDPUR PROJECT

Your company has proposed to set up a wheel rim manufacturing plant for commercial vehicles in Jamshedpur. The cost of the project is estimated at Rs.1200 Million.

The initial installed capacity of the plant is expected to be 1.0 Million flat base tube type wheels per annum (With a provision for producing tubeless type also) The line shall be capable of producing wheels from 16” diameter to 24” diameter.

- Tata Steel has already allotted 10 acres of land to us on sub-lease basis. The company has taken possession of land. The Company is in the process of selection of technology and equipments for the project.

FUTURE OUTLOOK

The focus of your company is to develop world-class facilities for manufacture of quality products for exports and to increase the customer base in India to cater to all automobile segments. Your Directors foresee the per capita margins on exports rising continuously due to exchange variations as well as economies of scale. Keeping this in view a special team has been formed to focus on exports only.

The company made a modest beginning in export market during the year 2005-06, which is likely to grow over a period of time. The company has got large export orders from leading car manufacturer from Europe. The company is in active discussions with other car manufacturer in Europe and Asia for their various projects & some of them could fructify into orders. Some of these car manufacturers are also planning to put up their plants in India.

In view of the above the company expects to achieve robust growth in the current year and years to come.

OPTIONALLY CONVERTIBLE PREFERENCE SHARES (OCPS)

M/s New Vernon Private Equity Limited, Mauritius got 2,27,500 OCPS converted into 2,27,500 equity Shares of Rs. 10/- each at a premium of Rs. 135/- each. The Company is in the process of redemption of remaining 6,82,845/- OCPS as per the agreement with them.

DIRECTORS

In accordance with the provisions of Companies Act, 1956, Ms. Priya Garg, Sh. S.K. Bansal and Sh. S.S. Grewal will be retiring by rotation at the forthcoming Annual General Meeting and they are eligible for reappointment.

During the period under review, IFCI nominated Shri Narendar Kumar as Director on the Board of your Company in place of Sh. A.K. Chaudhary. Your Directors place on record their sincere appreciation for the guidance and support provided by Shri A. K. Chaudhary during his tenure as a Director, for the success of the Company.

DIVIDEND

Your Directors are pleased to recommend a dividend of 16% for the year ended 31st March 2007. The total cash outgo on account of proposed dividend is Rs. 21.16 million (Previous Year Rs 20.20 Million), which represents 15.08 % of the Profit After Tax.

INTERNAL CONTROL SYSTEMS

The Company has adequate internal control procedures commensurate with its size and nature of business. These internal policies ensure efficient use and protection of assets and resources, compliance with policies, statutes and ensure reliability as well as promptness of financial and operational reports.

CORPORATE GOVERNANCE

During the year, the Company has continued its commitment to the principles of good corporate governance. The Company believes that best board practices and transparent disclosures are necessary for enhancing shareholder value.

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the company's auditors confirming compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is included in the Annual Report.

LISTING OF EQUITY SHARES

We are pleased to inform that the equity shares of the company are listed on National Stock Exchange and Bombay Stock Exchange, offering a wide trading network to the shareholders.

FIXED DEPOSITS

The Company has neither invited nor accepted any deposits from the public during the year. There are no unclaimed deposit (s) lying with the Company.

AUDITORS

M/s S.C. Dewan & Co. were appointed as Statutory Auditors of the Company to hold office till the conclusion of the ensuing Annual General Meeting of the Company. The Auditors retire at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment. The Company has received a certificate from them pursuant to Section 224 (IB) of the Companies Act, 1956, confirming their eligibility for reappointment.

INSURANCE

All Properties and insurable interests of the Company including Buildings and Plant & Machinery, are adequately insured.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In preparation of the Annual Accounts, the applicable accounting standards have been followed.

2. Appropriate accounting policies have been selected and applied consistently, judgments and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at the end of the financial year and the profit for that period.

3. Proper and sufficient care has been taken for maintenance of Accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. The annual accounts have been prepared on a going concern basis.

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

A Statement giving details of conservation of energy/ technology absorption and foreign exchange earnings and outgo in terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forms part of this report and is annexed herewith.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules , 1975, as amended, are appended and form part of the Report.

ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation for the continued co-operation the Company received from various departments of the Central and State Government, Bankers, Financial Institutions, Dealers and Suppliers and also acknowledge the contribution made by the employees.

The Board also wishes to place on record its gratitude to the valued Customers, Members and Investing public for their continued support and confidence reposed in the Company.

For and on behalf of
BOARD OF DIRECTORS

Place : CHANDIGARH R.K.GARG

ANNEXURE-A

To the Directors' Report

INFORMATION AS PER SECTION 217 (1) (e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS), RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31.3.2007.

Annexure to Report of Board of Directors

(A) CONSERVATION OF ENERGY

Energy Audits from reputed agency are being conducted periodically and consumption levels are being monitored.

The details regarding present energy consumption including captive generation are furnished below as per Form A of the Annexure to the rules.

Form A :

I. Power & Fuel Consumption		**Year ended 31.03.2007**	**Year ended 31.03.2006**
1. Electricity			
a) Purchased			
Units	In lacs	109.25	85.21
Total Amount	Rs. in lacs	475.33	369.26
Rate/Unit	Rs.	4.35	4.33
b) Own Generation			
Units	In lacs	15.51	8.53
Total Amount	Rs. in lacs	206.13	96.04
Cost/Unit	Rs.	13.29	11.25
2. Coal			
Qty.	Tonnes	-	-
Total Amount	Rs. in lacs	-	-
Rate per Ton	Rs.	-	-
3. Furnace Oil			
Qty.	Lac Ltrs.	-	-
Total Amount	Rs. in lacs	-	-
Rate per Unit	Rs.	-	-
4. Others/Internal Consumption			
LDO :			
Qty.	Lac Ltrs.	-	-
Total Amount	Rs. in lacs	-	-
Rate per Unit	Rs.	-	-
HSD :			
Qty.	Lac Ltrs.	7.19	5.76
Total Amount	Rs. in lacs	209.42	144.74
Rate per Unit	Rs.	29.13	25.10
II Consumption per unit of production			
Production (Wheel Rims)	Nos.	4473393	3688651
Electricity			
Units/wheel	Unit/No.	2.78	2.55
Cost per unit of production	Rs./No.	15.23	12.61
Coal		-	-
Furnace Oil		-	-

(B) TECHNOLOGY ABSORPTION

Wheels designed and developed for many of the new vehicles entering the market have been accepted by your Company's customers. Your Company is devoting more resources to process improvements, to bring down costs and improve quality.

1. Research & Development (R&D)

a) Specific areas in which R&D carried out by company }
b) Benefits derived as a result of the above R&D }
c) Development of new products which will be import substitute }

R&D has been carried out in the following areas :

1(a) Design and development of new wheels as also tools & dies in-house.

(b) Development of new manufacturing process for wheel disc by improving & smoothening the existing forming process.

Benefits Derived :

The technology has resulted in :

- Reduction in raw material consumption.
- Better performance of the end product.
- Reduced cost of end product.
- Reduction in process rejection.
- Better productivity.
- Beneficial to car manufacturers due to reduced weight of the wheel assembly, leading to better fuel efficiency.

		Year ended 31.3.2007	**Year ended 31.3.2006**
d) Expenditure on R&D (Rs. in lacs) :	i) Capital	70.08	60.17
	ii) Recurring	79.22	76.08

2. Technology absorption, adaptation and innovation

a) Efforts in brief made towards technology absorption, adaptation and innovation	NA	NA
b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	NA	NA
c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished :		
i) Technology imported	NIL	NIL
ii) Year of Import	NA	NA
iii) Has technology been fully absorbed	NA	NA
iv) If not fully absorbed, areas where this has not taken place reason thereof and future plan of action.	NA	NA

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans: : The company has made a modest beginning in Export market and the Company has got large export orders from leading car manufacturers from Europe.

b) Total foreign exchange used and earned during the year under review and previous year was as under : :

(Rs. in lacs)

	Year ended 31.03.2007	**Year ended 31.03.2006**
Used :	1233.65	1434.14
Earned :	131.23	89.28

For and on behalf of Board of Directors

Place : CHANDIGARH
Dated : 19th June, 2007

R.K. GARG
Chairman

ANNEXURE-B
To the Directors' Report

STATEMENT UNDER SECTION 217 2(A) OF COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 ANNEXED TO THE DIRECTORS' REPORT FOR THE YEAR ENDING 31ST MARCH, 2007

Sr. No.	Name of Employee	Designation	Experience (Yrs.)	Date of Commencement of Employment	Qualification	Remuneration (Rs.)	Age (Yrs.)	Last Employment before Joining
A.	**EMPLOYED FOR FULL YEAR**							
1.	Sh. Dheeraj Garg	Managing Director	13	26.06.93	B.S. (FIN) USA	1,01,28,197/-	34	N.A.

i) Remuneration includes Salary, Allowances, Commission, Contribution towards Provident Fund and perquisites valued as per Income Tax Act.

ii) The conditions of employment of Shri Dheeraj Garg are contractual.

iii) He is related to Sh. R.K. Garg, Director and Chairman of the Company.

For and on behalf of Board of Directors

Place : CHANDIGARH
Dated : 19th June, 2007

R.K. GARG
Chairman

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company had adopted a Code of Conduct for its director & Senior Management of the Company, the Code of Conduct is available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2007, received from the senior Management Team of the Company and the Members of the Board, a declaration of compliance with the Code of conduct as applicable to them.

For Steel Strips Wheels Limited

DHEERAJ GARG
Managing Director

CORPORATE Governance

REPORT ON CORPORATE GOVERNANCE

A brief statement on Company's philosophy on code of governance:

The philosophy of the Company in relation to Corporate Governance to ensure transparent disclosures and reporting that conforms fully to laws, regulations, guidelines and to promote ethical conduct throughout the organization with primary objective of enhancing shareholders value while being a responsible corporate citizen. Company firmly believes that any meaningful policy on the Corporate Governance must provide empowerment to the executive management of the Company, and simultaneously create a mechanism of checks and balances which ensures that the decision making power vested in the executive management are used with care and responsibility to meet shareholders and stakeholders aspirations. The Company is committed to attain the highest standards of Corporate Governance.

The Company is in compliance with the requirement of revised guidelines on Corporate Governance stipulated under Clause 49 of the listing agreement with the Stock Exchanges.

BOARD OF DIRECTORS

Composition and category of Directors:

(i) The Company's policy is to have appropriate mix of Executive and Non-Executive Directors to maintain the independence of the Board and to separate the Board functions of governance and management. The Board of Directors comprises 10 Directors with a Non-Executive Chairman. Of the Ten Directors, 9 (i.e. 90%) are Non-Executive Directors, including 6 (i.e. 60%) Independent Directors. The Independent Directors are eminent professionals, drawn from amongst persons with experience in business & industry, finance, law & public enterprises. None of the Non-Executive / Independent Directors has any material pecuniary relationship with the Company.

(ii) None of the Director on the Board is a member of more than 10 committees or chairman of more than 5 committees across all the companies in which he is a Director. Necessary disclosures regarding committee position in other public companies as on March 31, 2007 have been made by the Directors.

(iii) The names and categories of the directors on the Board, their attendance at Board Meetings held during the year and the number of Directorship and Committee chairmanships/memberships held by them in other companies is given below. Other Directorships do not include directorships of private limited company, Section 25 Companies and of Companies incorporated outside India. Chairmanships/ Memberships of Board Committees include only Audit and Shareholders/ Investors Grievance Committees.

The detail of Board Meetings, number of Directorships and Committee Memberships held by Directors as on 31-03-2007:

Name of Director and Designation	Category	No. of Board meetings held during the year 2006-07		Whether attended last AGM held on 30th Sep., 2006	No. of Directorship in other Public companies		No. of Committee positions held in other public companies	
		Held	Attended		Chairman	Member	Chairman	Member
Shri. R.K. Garg (Chairman)	Promoter - Non-Executive Director	7	6	No	3	3	-	-
Shri A.S. Thind*	Independent Non-Execuive Director	7	1	No	-	-	-	-
Shri Arun Prakash S. Korati (Nominee of New Vernon Pvt. Equity Ltd.)	Independent Non-Executive Director	7	1	No	-	3	-	-
Shri Dheeraj Garg (M.D.)	Promoter - Executive Director	7	7	No	-	1	-	-
Shri M.M. Chopra	Indepent Non-Executive Director	7	4	No	-	3	1	1
Shri Narendar Kumar (IFCI Nominee)	Independent Non-Executive Director	7	5	No	-	-	-	-
Ms. Priya Garg	Promoter - Non-Executive Director	7	-	No	-	-	-	-
Shri S.K. Bansal	Independent Non-Executive Director	7	3	No	-	1	1	-
Shri S.S. Grewal	Independent Non-Executive Director	7	7	Yes	-	2	-	-
Shri S.S. Jha	Independent Non-Executive Director	7	5	No	-	-	-	-
Shri H.K. Singhal	Non-Executive Director	7	7	Yes	-	8	-	7

*Shri S.S. Thind resigned on 30.09.2006

(iv) Seven Board Meetings were held during the year and gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

20.04.2006, 22.05.2006, 28.06.2006, 10.07.2006, 19.08.2006, 18.12.2006, and 30.03.2007.

(v) None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

(vi) During the year, information as mention in annexure 1A to Clause 49 of the listing agreement has been placed before the Board for its consideration.

(vii) **Directors retiring by rotation and being considered for reappointment :**

In accordance with the provisions of Companies Act, 1956, Ms. Priya Garg, Sh. S. S. Grewal and Sh. S. K. Bansal retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

The Company has not entered into any materially significant transactions with its Directors/ Management or relatives etc. affecting the interest of the Company at large, except in normal course of business.

Ms. Priya Garg

Ms. Priya Garg is a Promoter Director of the Company. She is an Engineer from Thapar Institute of Engineering & Technology; Patiala .She has wide and varied experience in business development operations.

Ms. Priya Garg is not a Director and not a Member/Chairman of Committees of Board of any other Company.

Sh. S. S. Grewal

Sh. S. S. Grewal has over 50 years of practical experience occupying senior managerial Position in India and abroad. He has worked with Shell Refineries Limited/ Shell International Petroleum Company in India and abroad. He has also served as an advisor to British Columbia Trade Development Corpn.

He was coordinator in India of Del Monte Foods-USA. Currently he is also on the Board of Directors of certain companies and a Management Advisor to Companies having manufacturing operations in UP, HP and Punjab. He is graduate in Bachelor of Arts.

Sh. S. S. Grewal holds Directorship in the following other Companies:

Name of the Companies	Position Held
Imkemex India Ltd.	Director
PML Industries Ltd.	Director

Sh. S. S. Grewal is not a Member/Chairman of Committees of Board of any other Companies.

Sh. S. K. Bansal

Sh. S. K. Bansal is an Independent Director. He is a practicing Chartered Accountants and possesses more than 30 years of experience in the areas of Corporate Finance, audit etc. Over the years, he occupied several advisory positions. He is a member of Association of Certified Fraud Examiner, U.S.A. and an associate member of Institute of Internal Auditor Inc, Florida,U.S.A. He has been empanelled as Non-official Nominee Director for appointment on the Board of various companies by IDBI Bank Ltd. and IFCI Limited. He has also been a member of Indian Council of arbitration.

Sh. S. K. Bansal holds Directorship in the following other Companies:

Name of the Companies	Position Held
M/s. Marudhar Hotels (P) Ltd.	Director
Shree Bhawani Power Projects (P)Ltd.	Director
Vardhman Textiles Ltd.	Director
Virat farms (P) Ltd.	Director

Sh. S. K. Bansal is also Member/Chairman of the following Committees of Board of other Companies:

Name of the Companies	Name of the Committee	Chairman/ Member
Vardhman Spinning & General Mills Ltd.	Shareholders Grievance Committee	Chairman

AUDIT COMMITTEE

(i) The terms of reference of Audit Committee are as per relevant guidelines and legislations. The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency and to review the adequacy of internal control systems and functions. During the year under review five Meetings of the Committee were held.

(ii) The Composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Name	Category	No. of Meetings held during the year 2006-07	
		Held	Attended
Shri S.S. Grewal Chairman	Independent Non-Executive Director	5	4
Shri Narendar Kumar	Independent Non-Executive Director	5	5
Shri S.K. Bansal	Independent Non-Executive Director	5	4
Shri H.K. Singhal	Non-Executive Director	5	5

SUB-COMMITTEE

The Sub- Committee of Board of Directors has been constituted to review un-audited financial Results.

The Composition of the Sub- Committee and particulars of meetings attended by the members of the Sub- Committee are given below:

Name	Category	No. of Meetings held during the year 2006-07	
		Held	Attended
Shri S.S. Grewal Chairman	Independent Non-Executive Director	2	1
Shri Narendar Kumar	Independent Non-Executive Director	2	2
Shri S.K. Bansal	Independent Non-Executive Director	2	2
Shri H.K. Singhal	Non-Executive Director	2	2

REMUNERATION CUM COMPENSATION COMMITTEE

(i) The terms of reference of Remuneration Committee includes the determination of remuneration packages of the Managing/Executive Directors including remuneration policy, pension rights and any compensation payment or stock options and to approve the payment of managerial remuneration upto the limits specified therein.

(ii) The committee consists of following members :-

1. Sh. S.S. Grewal -Chairman Independent Director
2. Sh. S.K.Bansal -Independent Non Executive Director
3. Sh. H.K. Singhal -Non Executive Director.

(iii) Remuneration Policy:

The company's remuneration policy is driven by the success and performance of the individual employee and the company. Through its compensation programme, the company endeavors to attract, retain, develop and motivate a high performance work force. The company pays remuneration by way of salary , benefits, perquisites and allowances to its employees. The remuneration committee also decides the commission payable to the Managing Director out of the profits for the financial year and within the ceilings prescribed under the Companies Act, 1956, based on the performance.

During the year, the company paid sitting fees of Rs. 10,000 per meeting to its Non Executive Directors for attending meetings of the Board and Rs. 5000 per meeting for attending the meetings of Audit committee. The company also reimbursed the out of pocket expenses incurred by Directors for attending meetings.

(vi) Details of Remuneration for the year ended March 31,2007

(1) MANAGING DIRECTOR:

The remuneration being paid to Sh. Dheeraj Garg, Managing Director of the Company is as follows:

(A)	(i)	Basic Salary	Rs. 1,50,000/- per month
	(ii)	H.R.A. @ 60%	Rs. 90,000/- per month
	(iii)	Perquisites & allowance Including inter-alia Gas, electricity & water, furnishing allowance, medical reimbursement leave travel concession, club/ association fees, insurance etc.	Rs. 10,000/- per month
		TOTAL	Rs. 2,50,000/- per month

(B) Other Perquisites :

In addition to the above, the Managing Director is also eligible for the following perquisites which are not to be included in computation of the ceiling as specified in para (A) above :

(a) Contribution to Provident Fund,Superannuation Fund or Annuity Fund as per the Rules of the Company, to the extent these either singly or taken together are not taxable under the Income-tax Act, 1961.

(b) Gratuity shall be payable at a rate not exceeding half-a-month's salary for each completed year as per provisions of the Gratuity Act.

(c) Encashment of 30 days leave per year at the end of tenure.

(C) Commission :

5% of net profit inclusive of remuneration mentioned in (A) & (B) above.

Tenure : Five Years w.e.f. Ist June, 2005.

In the event of losses or inadequate profits in any financial year during the term of office of Shri

Dheeraj Garg as Managing Director, the aforesaid salary and all other benefits and other remuneration/perquisites mentioned at (A) + (B) above, shall be paid as minimum remuneration subject to the ceiling laid down in Schedule XIII to the companies Act, 1956 as amended, modified or re-enacted from time to time.

(2) NON-EXECUTIVE DIRECTORS (as on 31-03-2007):

NAME OF DIRECTOR	SITTING FEE (in Rs.)
1. Sh. R.K. Garg	60000
2. Sh. A.S. Thind	10000
3. Shri Arun Prakash S. Korati	10000
4. Rear Adml. M.M. Chopra AVSM (Retd.)	40000
5. Sh. Narendar Kumar (Nominee Director IFCI)	75000
6. Sh. S.K. Bansal	50000
7. Sh. S.S. Grewal	90000
8. Sh. S.S. Jha	50000
9. Sh. H.K. Singhal	95000

(vii) DETAIL OF SHARES OF THE COMPANY HELD BY DIRECTORS AS ON 31ST MARCH, 2007.

Name	No. of Shares
Sh. R. K. Garg	584651
Sh. Dheeraj Garg	703400
Sh. M. M. Chopra	20000
Ms. Priya Garg	6500
Sh. H. K. Singhal	50010

SHARE TRANSFER COMMITTEE

The Share Transfer Committee approves and expedites the process of share transfers reviewed by the Company.

The committee consists of the following members:

Name	Category	No. of Meetings held during the year 2006-07	
		Held	Attended
Shri S.K Bansal Chairman	Independent Non-Executive Director	18	18
Shri H.K. Singhal	Non-Executive Director	18	18
Shri Shaman Jindal	Company Secretary	18	18

All the shares received for transfer have been transferred within the time period prescribed. The Committee met 18 times during the year. No transfer of shares and no request for demat of shares is pending.

INVESTORS GRIEVANCE COMMITTEE

(i) The company has constituted a investor grievance committee of Directors to look into the redressal of complaints of investors redressal of shareholders' and investors' complaints such as transfer of shares, non-receipt of shares after transfer, non-receipt of dividends and to ensure expeditious share transfer and demat process undertaken by the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services.

The committee consists of following members :-

1. Sh. S.S. Grewal -Chairman
2. Sh. S.K.Bansal -Independent Director
3. Sh. H.K. Singhal -Non Executive Director.

The Company addresses all complaints, suggestions and grievances expeditiously and replies are sent/ issues resolved usually with in 15 days unless there is a dispute or other legal constraint.

(ii) Detail of complaints received and redressed

Opening Balance	Received during the year	Resolved during the year	Closing Balance
-	32	32	-

(iii) Name, Designation, Address & E-mail of Compliance Officer:
Sh. H. K. Singhal - Director
Steel Strips Wheels Limited
Corporate Office: S C O 49-50, Sector 26, Madhya Marg, Chandigarh.
Telephone No. 0172- 2793112, 2792385 E-mail hksinghal@glide.net.in

GENERAL BODY MEETINGS

Date and venue of last few Annual General Meetings:

Details of Meeting	Date of Meeting	Time of Meeting	Venue of Meeting
18th AGM	23.06.2004	10.30 A.M.	Regd. Office of the Company at Village Somalheri/Lehli, P.O. Dappar, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Pb.
19th AGM	22.08.2005	10.30 A.M.	-do-
20th AGM	30.09.2006	11.00 A.M.	-do-

POSTAL BALLOT

No Postal Ballot was conducted during the year.

SPECIAL RESOLUTIONS

At the Annual General Meeting of the Company held on 22.08.2005, a special resolution was passed for the re-appointment of Sh. Dheeraj Garg as Managing Director of the Company for a period of 5 years w.e.f. Ist June, 2005.

At the Annual General Meeting of the Company held on 30.09.2006, the following special resolution was passed:

(i) To issue and allot 8,32,845/- Optionally Convertible Preference shares @ Rs. 145/- each to New Vernon Pvt. Equity Ltd.

(ii) To raise funds not exceeding Rs. 75 Crores by issuing any / or various securities from time to time.

Extra-Ordinary General Meeting

One Extra-Ordinary General Meeting of the shareholders was held on 29th January 2007.

DISCLOSURES

(i) There are no materially significant related party transactions of the company which have potential conflict with the interests of the company at large.

(ii) No penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any other statutory authority, or any matter related to capital markets, during the last three years. Company has not made any non-compliance.

(iii) The company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behaviour.

(iv) The company has fulfilled the following non-mandatory requirements as prescribed in Annexure 1 D to Clause 49 of the Listing Agreements with the Stock Exchanges.

  (a) The Company has set up a Remuneration Committee details of which have been given earlier in this Report.

  (b) The Company has adopted a Whistle Blower policy and has established the necessary mechanism for employees to report concerns to the Audit Committee about unethical behaviour. No person has been denied access to the Audit Committee.

INSIDER TRADING

“Code of Conduct for Prevention of Insider Trading” pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, has been followed by the Company through out the year.

CEO/CFO CERTIFICATION

A certificate from Managing Director and DGM (A/C) on the financial statements of the company was placed before the board.

CONSTITUANTS OF RELATED PARTIES

Following named Companies and individuals constitute the related parties:

GROUP COMPANIES:

Indian Acrylics Limited, Steel Strips Wheels Limited, SAB Industries Limited, Steel Strips Limited, Steel Strips & Tubes Limited, Steel Strips Industries Limited, Indlon Chemicals Limited, Sab Developers Ltd., Malwa Chemtex Udyog Limited, SAB Udyog Limited, Steel Strips Mercantile Limited, Indian Acrylics Investments Ltd, Munak International Pvt. Limited, Steel Strips Financiers Pvt. Limited, S.S. Credits Pvt. Limited, Malwa Holdings Pvt. Limited, S.J. Mercantile Pvt. Limited, Munak Investments Pvt. Limited, Steel Strips Holdings Pvt. Limited and Munak Financiers Pvt. Limited .

INDIVIDUALS:

Sh. R.K. Garg, Smt. Sunena Garg, Ms. Priya Garg, Mr. Dheeraj Garg.

MEANS OF COMMUNICATION

The quarterly and annual results are generally published in “Economic Times”, “Punjabi Tribune” and “Desh Sewak “ and have also been submitted to the stock exchange as per the requirements of the Listing Agreements on which the Company's equity shares are listed to enable them to put them on their own web sites.

SECRETARIAL AUDIT

The Company conducts Secretarial Audit on a quarterly basis in accordance with SEBI guidelines.

GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting

Date	in the month of September 2007
Venue	Village Somalheri/ Lehli, P.O. Dappar, Tehsil Dera Bassi, District Mohali (Pb.)

(ii) Financial Calendar: (tentative)

Results for quarter ending June 2007	:	Last week of July, 2007
Results for quarter ending Sept. 2007	:	Last week of Oct., 2007
Results for quarter ending Dec. 2007	:	Last week of Jan., 2008
Results for quarter ending March 2008	:	Last week of June, 2008
Year Ending	:	March 31,2007

(iii) Book Closure date : Tentatively Last week of September,2007.

(iv) Listing on stock Exchange: The Bombay Stock Exchange and the National Stock Exchange

(v) Stock code :

Bombay stock Exchange (BSE) - 513262

National Stock Exchange - SSWL

ISIN No. of the Company 's shares in Demat form : INE802C01017 (with NSDL and CDSL).

(vi) Stock Market data

Market Price Data: High and Low (based on closing prices) and on Mumbai Stock Exchanges (BSE) during each month in last financial year.

Month	Bombay Stock Exchange		National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2006	158.80	121.00	159.40	122.75
May 2006	154.90	104.00	154.95	104.55
June 2006	120.90	77.50	120.00	75.10
July 2006	124.00	107.40	124.90	107.75
Aug 2006	160.80	106.00	161.80	106.05
Sept 2006	172.40	152.60	178.30	154.10
Oct 2006	177.70	152.05	174.00	143.00
Nov 2006	177.00	147.05	176.00	148.25
Dec 2006	170.00	134.20	170.00	133.15
Jan 2007	188.70	161.05	190.00	156.35
Feb 2007	264.30	170.00	269.95	164.30
Mar 2007	212.00	162.00	210.55	160.00

viii) Registrar and Transfer Agents
Name and address:
Intime Spectrum Registry Ltd
A-40, 2nd Floor, Naraina Industrial Area,
Phase-II, Near Batra Banquet Hall,
New Delhi 110 028
Phone : 011-41410592,93,94
Fax : 011-4141091
Email:delhi@intimespectrum.com

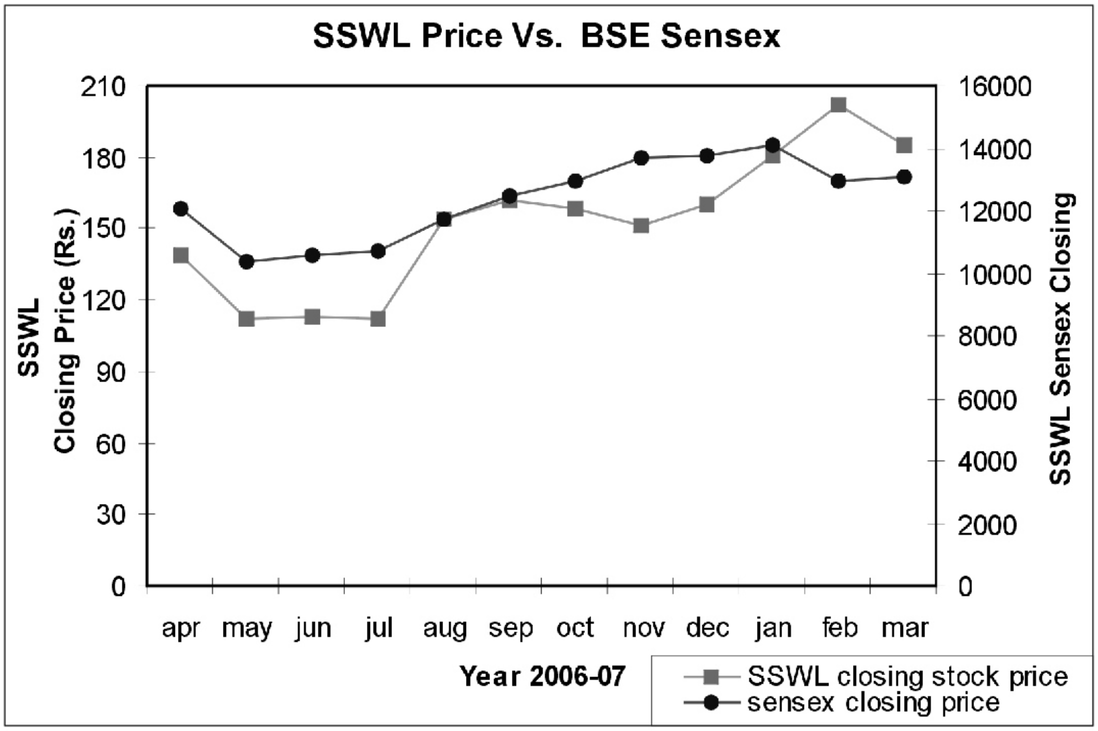
(ix) Place for Acceptance of documents:
Documents will be accepted at:
Intime Spectrum Registry Ltd.
A-40, 2nd Floor, Naraina Industrial Area,
Phase-II, Near Batra Banquet Hall,
New Delhi 110 028

(x) Share Transfer System

70.84% of the shares of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regard transfer of shares held in physical form, the transfer document can be lodged with the Registrar and Transfer Agents i.e. Intime Spectrum Registry Ltd.

Transfer of shares in physical form is normally processed within 12 to 15 days from the date of receipt if the documents are complete in all respect.

vii) Performance of Share Price at the company in comparison to the BSE Sensex



(xi) **Distribution of Shareholding**

(a) Class-wise Distribution of Equity Shares as on 31st March, 2007

Shares/Debentures Holding of Nominal value	Number	%age of Total
Upto 5000	1154500	10.21
5001 - 10000	140005	1.24
10001 - 20000	89995	0.80
20001 - 30000	54729	0.48
30001 - 40000	43915	0.39
40001 - 50000	47458	0.42
50001 - 100000	137730	1.22
100001 and above	9634368	85.24
Total	**11302700**	**100.00**

(b) Shareholding Pattern as on 31st March, 2007

S.NO.	PARTICULARS	NO. OF SHARES	(%)
1.	Promoter and Promoter Group	6750757	59.73
2.	Mutual Funds/UTI/Financial Institutions, Banks & Foreign Institutional Investors	1167135	10.33
3.	Bodies Corporate	1546720	13.68
4.	Individuals	1789213	15.83
5.	Any other :		
	Non Residents	24247	0.21
	Clearing Members	8600	0.08
	HUF	16028	0.14
	Total	**11302700**	**100.00**

(xii) DEMATERIALIZATION AND PHYSICAL TRANSFER OF SHARES:

The Company's script forms part of the Compulsory demat segment for all investors. The Company has established connectivity with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrar M/s In Time Spectrum Registry Limited, A-40, 2nd floor, Near Batra Banquet Hall, Naraina, Industrial Area, Phase-II, New Delhi 110 028. The company had also appointed M/s In Time Spectrum Registry Limited as common Agency to look after dematerialisation of shares as well as for physical transfer of shares.

As on 31-03-2007 there were 9230 shareholders of the Company. Out of these 3893 shareholders were holding 8007365 (70.84%) equity shares in the dematerialized form and rest of them i.e 5337 shareholders were holding 3295335 (29.16%) equity shares in physical form.

(xiii) As on 31st March, 2007,the company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

(xiv) TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND INVESTOR PROTECTION FUND:

The Company has been paying Dividend regularly for last ten years, starting from the year 1996-97. Some amount of the dividend remain lying unclaimed in the “Unpaid Dividend Accounts” being maintained by the Company with Punjab National Bank, Merchant Banking Division, Sector 17, Chandigarh and with HDFC Bank limited, Sector 8, Chandigarh.

In compliance with the provisions of Section 205A of the Companies Act, 1956, the unpaid dividend for the year 1996-97, 1997-98 and 1998-99 have already been transferred to the “Investor Education and Protection Fund. Further, the unpaid dividend for the year 1999-2000 shall be transferred to the Investor Education and Protection Fund in the month of October 2007.

(xv) Works& Registered Office :
Village Somalheri/ Lehli,
P.O. Dappar, Tehsil Dera Bassi,
District Mohali (Pb.)

(xvi) Address for correspondence :
S.C.O 49-50, Sector 26, Madhya Marg,
Chandigarh-160019

On behalf of Board of Directors

Place : Chandigarh — R.K.GARG
Date : 19.06.2007 — CHAIRMAN

AUDITORS' Certificate

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLUASE 49 OF THE LISTING AGREEMENT.

We have examined the compliance of conditions of Corporate Governance by Steel Strips Wheels Limited for the year ended on 31st March 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our review of the relevant records and documents maintained by the company and furnished to us for review and the information and explanations given to us by the company, we certify that the company complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement with the Stock Exchanges.

For S.C. Dewan & Company
Chartered Accountants

Place : Chandigarh
Date : 19.06.2007

S.C. DEWAN
PARTNER

MANAGEMENT Discussion & Analysis

The Ministry of Heavy Industries and Public Enterprises, Govt of India (www.dhi.nic.in) has made the 'Auto Policy' a vision document to establish a globally competitive Automotive industry in India and to double its contribution to the economy by year 2010. It has also made a detailed Automotive Mission plan 2006-2016 with the motto:

"To emerge as the destination of choice in the world for design and manufacture of automobiles and auto components with output reaching a level of US$ 145 billion accounting for more than 10% of the GDP and providing additional employment to 25 million people by 2016".

Business Strategy

Our goal is to maintain and consolidate our position as a leading manufacturer of Steel Wheels rims for the automotive section. We intend to achieve our goal by implementing a 4-pronged strategy for future growth as under:

- **Increase share of business in present customers**

(i) Our focus would be on the increasing share of business of our major customers by providing quality service and using process and product engineering for improvement in the existing products in order to become cost competitive.

(ii) Striving for continuous product innovation, product quality and after sale service to our esteemed customers.

(iii) Continuous product development with the state of the art tooling equipment and dies.

(iv) Cater to new segments of existing customers.

- **Enter new customers through addition of capacity at existing and new locations**

  Our company has consistently acquired new customers. However due to location of our plant in the northern region of the country and keeping in view the fact that many new automobile manufacturers are setting up their plants in the southern region of the country, our company is in disadvantageous position vis-à-vis our competitors on logistic front. Therefore our company has proposed to set up a grass root plant for manufacturing wheel rims at Oragadam near Chennai so as to cater the automobile manufacturers in the southern region.

- **Plan to enter new segments to broader Product Range**

  Our company is planning to set up a wheel rim manufacturing plant for heavy commercial vehicles in Jamshedpur mainly to meet the requirement of M/s Tata Motors. The cost of the project is estimated at Rs. 1200 Million. The initial installed capacity of the plant is expected to be 1.0 Million.

- **Focus on the export market**

  Having achieved substantial success in the domestic market, our company after completing the modernization cum expansion project and proposed expansion projects near Chennai and Jameshadpur respectively proposes to focus on tapping the vast export market for our products. The company made a modest beginning in export market during the year 2005-06, which is likely to grow over a period of time. The company has got large export orders from leading car manufacturer from Europe and is in active discussions with other car manufacturers in Europe and Asia for their various projects & some of them could fructify into orders. Some of these car manufacturers are also planning to put up their plants in India. We are confident to capture the growing export market on account of our quality, cost, and continuous product development.

Research & Development

Our strategy is to develop the product with all the required quality standards quickly and efficiently. We have a well equipped R&D centre and Tool & Die manufacturing Shop. Our R&D department is recognized by the Ministry of Science and Technology, Government of India. This has allowed us to get sole supplier status for many of the newer models that have been introduced in the market. Our competency in process designing has lead to reducing costs for many of our customers.

MANAGEMENT'S PHILOSOPHY ON QUALITY:

Management's quality policy is: "In the race for quality, there is no finish line".

Under this policy, every employee of the Company is committed to quality assurance activities that span the complete product cycle. The company constantly strives to make customer satisfaction our number one priority.

Based on the above quality policy, the Company has implemented a quality and reliability system that meets the international quality assurance standard, and achieved :

- ISO 9002 certification in 1995.
- QS 9000 certification in 2000 for Management Systems.
- ISO/TS-16949:2002 certification in Dec. 2004 for Quality Management Systems.
- ISO-14001:1996 certification in Apr. 2005 for Environmental Management Systems

All the referred certificates were awarded by BVQI, U.K.

HUMAN RESOURCE DEVELOPMENT

Your company believe that a well-trained, motivated and satisfied employee base is key to the success. We are committed to the development of the expertise and know how of our employees. Our personnel policies are aimed towards recruiting the talent that we need, to facilitate the integration of our employees into the company and to encourage the development of their skills in order to support our performance and growth.

We conduct training program for all levels of management. Such programs focus on leadership development, skill and competency enhancement. In addition we conduct workers' training programs at our plant to improve productivity and skills. Your Directors appreciate the sincere efforts, put in by the members of the team at all levels, during the year.

Place : CHANDIGARH R.K.GARG

Date : 19th June, 2007 CHAIRMAN

AUDITORS' Report

S.C. DEWAN & CO.
CHARTERED ACCOUNTANTS
SCO 90, 1st Floor, Swastik Vihar, Panchkula-134 109
Tel. : 2556190, 2556890

To

The Shareholders,

Steel Strips Wheels Limited.

We have audited the attached Balance Sheet of M/s STEEL STRIPS WHEELS LIMITED as at 31.03.2007 and also the Profit and Loss Account for the period 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.

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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4-A) of the Companies Act , 1956 we enclose in the Annexure a statement on the matters as specified in paragraph 4 and 5 of the said order.

2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:-

    (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (ii) In our opinion, proper books of accounts as required under the law, have been kept by the Company so far as appears from our examination of such books.

    (iii) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of accounts.

    (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report, comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

    (v) On the basis of written representation received from Directors, as on 31.03.2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31.03.2007 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 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 read together with the significant accounting policies as per schedule of Notes on 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 Balance Sheet, of the state of affairs of the company as at 31.03.2007, and,

        (b) In the case of Profit & Loss Account, of the Profit for the year ended on that date.

        (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For S.C. Dewan & Company
Chartered Accountants

Place : Chandigarh
Date : 19.06.2007

S.C. Dewan
Partner

ANNEXURE
To Auditors' Report

S.C. DEWAN & CO.
CHARTERED ACCOUNTANTS
SCO 90, 1st Floor, Swastik Vihar, Panchkula-134 109
Tel. : 2556190, 2556890

Referred to in Paragraph I of our report of even date:

1. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
2. Physical verification of inventory has been conducted at reasonable intervals by the management. The procedures of physical verification of inventory followed by the management appear to be reasonable and adequate in relation to the size of the company and the nature of its business. The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification dealt with in the books of accounts.
3. The company has not granted or taken any loans, secured or unsecured to/ from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. There is an adequate internal control procedure 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.
5. The transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered in the register. Each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposit from the public.
7. The company has an internal audit system commensurate with its size and nature of its business.
8. Maintenance of cost records has been prescribed by the Central Government under clause (d) of sub section (I) of section 209 of the Act. Such accounts and records have been made and maintained.
9. The company is regular in depositing undisputed statutory dues including, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales tax, Service tax, Wealth tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.
10. The company has no accumulated losses/ cash losses.
11. The company has not defaulted in repayment of dues to a financial institution or banks. The company has not issued any debentures.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund company.
14. The company is not running any Nidhi/ Mutual Benefit Fund/ Society.
15. The company is not a Financing Company.
16. The company has not given any guarantee for loans taken by others from bank or financial institutions.
17. The term loans were applied for the purpose for which the loans were obtained, as per the information available from the records of the company.
18. The funds raised by the company on short terms basis have not been used for long-term investment.
19. The company has not issued any Debentures to the public.
20. No fraud on or by the company has been noticed or reported during the year.
21. The company is not sick company under the Provision of the Sick Industrial Companies (Special Provisions) Act, 1985.

For S.C. Dewan & Company
Chartered Accountants

Place : Chandigarh
Date : 19.06.2007

S.C. Dewan
Partner

STEEL STRIPS GROUP

BALANCE SHEET

As at 31st March, 2007

PARTICULARS	Schedule No.	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Capital	1	11,30,27,000	24,27,52,025
Reserves & Surplus	2	52,12,85,311	37,14,22,448
		63,43,12,311	61,41,74,473
LOAN FUNDS - Secured	3	1,35,98,65,378	1,00,93,49,210
- unsecured Loan	4	10,15,23,409	
Deferred Tax Liability		8,38,44,403	5,13,47,083
TOTAL		**2,17,95,45,501**	**1,67,48,70,766**
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	2,08,16,88,981	1,46,90,82,360
Less : Depreciation		61,61,10,140	49,42,38,394
Net Block		1,46,55,78,841	97,48,43,966
Add : CAPITAL WORK-IN-PROGRESS		25,01,84,953	34,34,52,616
		1,71,57,63,794	1,31,82,96,582
INVESTMENTS	6	20,00,000	5,00,000
CURRENT ASSETS,LOANS & ADVANCES			
Inventories	7	33,20,35,775	28,58,33,229
Sundry Debtors	8	22,80,02,275	18,85,52,104
Cash & Bank Balances	9	5,80,23,639	3,99,74,052
Other Current Assets	10	1,45,50,585	1,28,63,109
Loans & Advances	11	9,07,64,891	8,62,53,227
		72,33,77,165	61,34,75,721
Less : CURRENT LIABILITIES & PROVISIONS	12	26,36,71,458	26,01,69,537
NET CURRENT ASSETS		45,97,05,707	35,33,06,184
MISC EXPENDITURE (To the Extent not written off or adjusted)			
Capital Issue Expenses		20,76,000	27,68,000
TOTAL		**2,17,95,45,501**	**1,67,48,70,766**
NOTES ON ACCOUNTS	22		
CASH FLOW STATEMENT			

AUDITORS' REPORT
Certified in terms of our separate report of even date annexed

For S.C. Dewan & Co.
Chartered Accountants

S.C. Dewan
Partner

Place : CHANDIGARH
Dated : 19.06.2007

Dheeraj Garg
Managing Director

Shaman Jindal
Company Secretary

H.K. Singhal
M.M. Chopra
Narendar Kumar
S.K. Bansal
S.S. Grewal
S.S. Jha
Directors

PROFIT & LOSS ACCOUNT

For the year ended 31st March, 2007

PARTICULARS	Schedule No.	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
INCOME			
Operating & other Income	13	2,00,10,37,551	1,58,03,26,056
Increase in Stocks of Finished Goods, Stock-in-Process and Scrap	14	2,36,19,255	24,65,686
		2,02,46,56,806	1,58,27,91,742
EXPENDITURE			
Raw Material Consumed	15	1,25,94,11,050	1,01,06,78,407
Manufacturing Expenses	16	13,52,45,952	10,60,17,271
Employee Cost	17	8,56,41,249	7,14,90,950
Financial Expenses	18	7,78,33,747	5,54,59,374
Administrative Expenses	19	5,36,15,769	4,94,80,910
Selling & Distribution Expenses	20	8,26,84,270	6,34,48,549
Research & Development Expenses	21	79,21,861	76,07,584
Depreciation	5	12,25,17,509	10,64,54,293
Capital Issues Expenses Written off		6,92,000	6,92,000
		1,82,55,63,407	1,47,13,29,338
Profit for the Year		19,90,93,399	11,14,62,404
Prior Period Adjustment		78,52,939	2,21,18,276
Profit before Tax		19,12,40,460	13,35,80,680
Provision for Taxation		1,74,20,190	91,56,159
Deferred Tax Liability		3,24,97,320	1,79,41,105
Provision for Fringe Benefit Tax		10,14,837	16,49,531
PROFIT FOR THE YEAR AFTER TAX AVAILABLE FOR APPROPRIATION		14,03,08,113	10,48,33,885
APPROPRIATION ACCOUNT			
PROFIT FOR THE YEAR AFTER TAX AVAILABLE FOR APPROPRIATION		14,03,08,113	10,48,33,885
Less :			
— Proposed Dividend		1,80,84,320	1,77,20,320
— Tax on distributed Profits		30,73,430	24,85,275
Balance Carried to Balance Sheet		11,91,50,363	8,46,28,290
Earning per Share (EPS)			
— Basic		12.41	9.47
— Diluted		12.41	8.75

AUDITORS' REPORT
Certified in terms of our separate report of even date annexed

For S.C. Dewan & Co.
Chartered Accountants

S.C. Dewan
Partner

Place : CHANDIGARH
Dated : 19.06.2007

Dheeraj Garg
Managing Director

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Company Secretary

H.K. Singhal
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S.S. Jha
Directors

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2007

(Amount in Rs.)

		CURRENT YEAR 2006-2007		PREVIOUS YEAR 2005-2006
A. Cash Flow from Operating Activities :				
Net Profit before tax and extraordinary items		19,90,93,399		11,14,62,404
Adjustment for :-				
— Depreciation		12,25,17,509		10,64,54,293
— Profit on Sale of Fixed Assets		-71,97,650		19,606
— Interest and Other Financial Charges		7,78,33,747		5,54,59,374
Operating Profit before Working Capital Changes		39,22,47,005		27,33,95,677
Adjustment for :-				
— Trade and other receivables	-4,56,49,311		-7,21,64,909	
— Inventories	-4,62,02,546		99,21,756	
— Trade Payables	139645458	4,77,93,600	-74331738	-13,65,74,892
Cash Generated from Operations		44,00,40,605		13,68,20,785
— Interest and other Financial Charges Paid		7,78,33,747		5,54,59,374
— Provision for Dividend/Dividend Tax		2,11,57,750		2,02,05,595
— Provision for Fringe Benefit Tax		10,14,837		16,49,531
— Provision for Direct Tax		1,74,20,190		91,56,159
— Deferred Tax Liability		3,24,97,320		1,79,41,105
Cash Flow before Extraordinary Items		29,01,16,761		3,24,09,021
— Extraordinary Items (Prior Period)		78,52,939		2,21,18,276
Net Cash from Operating Activities (A)		28,22,63,822		5,45,27,297
B. Cash Flow from Investing Activities				
— Purchase of Fixed Assets	-53,49,13,590		-49,31,03,071	
— Capital Issue Expenses	6,92,000		6,92,000	
— Sale of Fixed Assets	2,21,26,519		-1,40,84,017	
— Sundry Creditors for Capital Goods	63,99,917		1,09,28,023	
— Investments	-15,00,000		-5,00,000	
Net Cash used in Investing Activities (B)	**-50,71,95,153**		**-49,60,67,065**	
C. Cash Flow from Financial Activities				
— Share Application Money Received	—		—	
— Unsecured Loan Received	—		—	
— Proceeds from Long Term Borrowings	27,54,70,034		55,53,40,108	
— Proceeds from Short Term Corporate Loan	—		-10,10,62,570	
— Assistance under Patser Scheme	—		—	
— Repayment of Term Loan Liabilities - IFCI	-3,50,00,000		-3,50,00,000	
— Others	25,10,884		—	
Net Cash from Financing Activities (C)	242980918	-26,42,14,235	419277538	-7,67,89,527
Net Increase in Cash and Cash Equivalents (A+B+C)		**1,80,49,587**		**-2,22,62,230**
Cash and Cash equivalents as at the beginning of the year (Opening Balance)		3,99,74,052		6,22,36,282
Cash and Cash equivalents as at the end of the year (Closing Balance)	5,80,23,639		3,99,74,052	

Dheeraj Garg
Managing Director

Shaman Jindal
Company Secretary

H.K. Singhal
M.M. Chopra
Narendar Kumar
S.K. Bansal
S.S. Grewal
S.S. Jha
Directors

Place : CHANDIGARH
Dated : 19.06.2007

AUDITORS' CERTIFICATE

We have verified the attached Cash Flow Statement of M/s Steel Strips Wheels Limited derived from audited financial statements and the books and records maintained by the Company for the year ended 31st March, 2007 and found the same in agreement therewith.

For S.C. Dewan & Co.
Chartered Accountats

S.C. Dewan
Partner

Place : CHANDIGARH
Dated : 19.06.2007

SCHEDULE - 1

SHARE CAPITAL

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
Authorised Capital		
1,90,00,000 Equity Shares of Rs.10/-each	19,00,00,000	19,00,00,000
12,00,000 Optional Convertible Preference Shares of Rs. 145/- each, cummulative or non-cummulative	17,40,00,000	17,40,00,000
TOTAL	**36,40,00,000**	**36,40,00,000**
Issued, Subscribed and Paid Up		
11,30,2700 Equity Shares of Rs.10/- each fully paid up (Previous year 1,10,75,200 Equity Share of Rs.10 each)	11,30,27,000	11,07,52,000
Optionally Convertible Preference Shares (Current year - Nil Previous year 9,10,345 Shares of Rs. 145/- each)	—	13,20,00,025
TOTAL	**11,30,27,000**	**24,27,52,025**

SCHEDULE - 2

RESERVES & SURPLUS

PARTICULARS	AS AT 31.03.2007		AS AT 31.03.2006	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
State Capital Subsidy		15,00,000		15,00,000
D.G Set Subsidy		50,000		50,000
Share Premium Account		3,57,12,500		50,00,000
Assistance under PATSER Scheme		50,00,000		50,00,000
General Reserve				
As Per Last Balance Sheet	27,52,44,158		17,26,56,412	
Add: Trfd from Profit & Loss a/c	8,37,55,842	35,90,00,000	10,25,87,746	27,52,44,158
Profit & Loss Account				
As Per Last Balance Sheet	8,46,28,290		10,25,87,746	
Less :- Trf. to General Reserve	8,37,55,842		10,25,87,746	
Net Balance	8,72,448		—	
Add : Trfd from Profit & Loss a/c	11,91,50,363	12,00,22,811	8,46,28,290	8,46,28,290
TOTAL		**52,12,85,311**		**37,14,22,448**

SCHEDULE - 3

SECURED LOANS

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
A) TERM LOANS		
— IFCI Limited	9,91,72,763	13,41,72,763
— Technology Development Board	2,98,80,000	3,98,40,000
— Punjab National Bank	11,55,69,454	1,80,00,000
— State Bank of Indore	19,06,91,628	13,44,00,000
— D.E.G. Germany	40,55,10,000	30,11,25,000
— RABO India Finance (P) Ltd.	—	8,50,00,000
— Punjab National Bank (FCL) 3.5 Million $	16,21,70,820	17,60,00,000
— UTI	5,05,37,867	—
— Indian Overseas Bank	7,65,00,000	—
— Interest Accrued & Due	—	10,24,735
	1,13,00,32,532	88,95,62,498
B) WORKING CAPITAL LIMITS :		
— UTI Bank Ltd.	9,55,19,872	8,51,77,302
— Indian Overseas Bank	2,94,39,439	2,66,67,328
— HDFC Bank Ltd.	6,18,73,945	(2,09,18,284)
— State Bank of Indore	2,95,33,993	2,88,60,366
— State Bank of Bikaneer & Jaipur	1,34,65,597	—
	229832846	11,97,86,712
TOTAL	**1,35,98,65,378**	**1,00,93,49,210**

NOTES :

All Term Loans are secured / to be secured by equitable mortgage created/to be created by deposit of title deeds of the Company's immovable properties in addition to the deed of hypothecation charging Company's all the moveable properties, present and future, in favour of Term Lenders subject to first charge created / to be created in favour of banks on raw materials, semi-finished goods, consumable stores and book debts for working capital facilities. The loans are further secured by personal guarantee of Sh.R.K.Garg, Chairman and Sh.Dheeraj Garg, Managing Director.

Working Capital Limits of Banks are secured / to be secured by First charge on stocks of Raw materials, Semi-finished goods, Finished goods, Consumable stores, hypothecation of book debts and personal guarantees of Sh. R. K. Garg, Chairman, Smt. Sunena Garg (wife of Sh.R.K.Garg) , and Sh. Dheeraj Garg, Managing Director. The Limits have further been secured/to be secured by IInd pari-passu charge over fixed assets of the company.

SCHEDULE - 4

UNSECURED LOANS

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
New Vernon Private Equity Limited	10,15,23,409	—
TOTAL	**10,15,23,409**	**—**

SCHEDULE - 5

FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2006	Sale	Additions	As at 31.03.2007	As at 1.04.2006	Adjustment	For the Year	As at 31.03.2007	As at 31.03.2007	As at 31.03.2006
Land	1,81,60,642	1,49,24,535	—	32,36,107	—	—	—	—	32,36,107	1,81,60,642
Buildings	23,46,53,547	—	5,89,29,948	29,35,83,495	3,07,02,560	—	86,07,077	3,93,09,638	25,42,73,857	20,39,50,987
Plant,Machinery & Equipment	94,28,93,608	—	45,42,31,725	1,39,71,25,333	34,36,33,235	—	8,37,04,385	42,73,37,620	96,97,87,713	59,92,60,373
Plant,Machinery & Equip.- R & D	1,73,40,098	-	70,08,913	2,43,49,011	31,13,376	-	20,14,472	51,27,848	1,92,21,163	1,42,26,721
Furniture & Fixtures	1,32,33,625	25,169	23,28,528	1,55,36,984	39,50,879	25,169	8,08,271	47,33,981	1,08,03,003	92,82,746
Data Processing Equipments	2,28,61,189	-	20,27,714	2,48,88,903	1,21,02,466	-	32,86,035	1,53,88,501	95,00,401	1,07,58,723
Data Processing Equipments- R & D	12,97,680	-	-	12,97,680	11,56,947	-	75,849	12,32,796	64,884	1,40,733
Vehicles	2,25,00,883	6,24,928	57,89,400	2,76,65,355	1,21,92,547	6,20,594	19,27,012	1,34,98,965	1,41,66,390	1,03,08,336
Die Toolings	19,61,41,088	-	9,78,65,025	29,40,06,113	8,73,86,382	-	2,20,94,408	10,94,80,790	18,45,25,323	10,87,54,705
TOTAL	**1,46,90,82,360**	**1,55,74,632**	**62,81,81,253**	**2,08,16,88,981**	**49,42,38,394**	**6,45,763**	**12,25,17,509**	**61,61,10,140**	**1,46,55,78,841**	**97,48,43,966**
Previous Year	97,40,18,367	67,54,498	50,18,18,491	1,46,90,82,360	40,86,03,010	2,08,18,909	10,64,54,293	49,42,38,394		
CAPITAL WORK-IN-PROGRESS										
Building under Construction									—	4,46,31,491
Plant and Machinery Under Installation									22,82,59,423	27,14,65,724
Pre-Operative/ Trial Run Expenditure Pending									21,925,530	2,73,55,401
Capitalisation per Schedule 12									25,01,84,953	34,34,52,616
TOTAL									**1,71,57,63,794**	**1,31,82,96,582**

SCHEDULE - 6

INVESTMENTS

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
UNQUOTED & VALUED AT COST 200,000 Equity Shares of Rs.10/- each of M/s Nimbua Greenfield (Punjab) Limited.	20,00,000	5,00,000
TOTAL	**20,00,000**	**5,00,000**

SCHEDULE - 7

INVENTORIES

PARTICULARS	AS AT 31.03.2007		AS AT 31.03.2006	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
As taken,valued & certified by the management				
(At lower of cost or estimated realisable value)				
Finished Goods		1,46,23,676		1,06,97,543
Scrap		1,47,136		69,555
Work in Process		3,52,53,778		1,56,38,237
Raw Material				
— at works	3,87,68,882		3,23,67,177	
— with Slitters	10,72,11,966		9,97,46,572	
— in transit	1,64,94,602	16,24,75,450	3,50,77,537	16,71,91,286
Stores & Spares		1,19,53,57,35		9,22,36,608
TOTAL		**33,20,35,775**		**28,58,33,229**

SCHEDULE - 8

SUNDRY DEBTORS

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
Unsecured Considered Good,unless otherwise stated		
a) Outstanding for a period exceeding six months	10,24,969	7,98,125
b) Others	22,75,47,679	18,83,74,703
	22,85,72,648	18,91,72,828
Less :		
Provision for Bad & Doubtful debts	5,70,373	6,20,724
TOTAL	**22,80,02,275**	**18,85,52,104**

SCHEDULE - 9

CASH AND BANK BALANCES

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
Cash In Hand	1,79,895	6,35,011
Cheques in Hand	94,02,101	—
With Scheduled Banks		
— in Current Accounts	37,77,346	86,74,151
— in Dividend A/c	42,91,657	42,71,723
— in Margin Money Account	4,03,72,640	2,63,93,167
TOTAL	**5,80,23,639**	**3,99,74,052**

SCHEDULE - 10

OTHER CURRENT ASSETS

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
Prepaid Expenses	25,67,689	37,98,193
Security Deposits	1,19,82,896	90,64,916
TOTAL	**1,45,50,585**	**1,28,63,109**

SCHEDULE - 11

LOANS AND ADVANCES

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
Advances Recoverable in Cash or in Kind or for value to be received (Unsecured Considered Good unless otherwise stated)	6,22,15,537	5,44,80,894
Less: Provision for Doubtful Advances	35,00,000	—
	5,87,15,537	5,44,80,894
Balance With Excise	1,80,84,849	1,26,60,928
Advance Income Tax Deposited	1,20,00,000	1,53,77,375
Fringe Benefit Tax	8,90,987	10,50,000
Tax Deducted at Source	3,87,681	3,65,791
Advance Tax (MAT)	6,85,837	23,18,239
TOTAL	**9,07,64,891**	**8,62,53,227**

SCHEDULE - 12

CURRENT LIABILITIES & PROVISIONS

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
CURRENT LIABILITIES		
Interest accrued but not due on term loan	73,98,894	82,28,306
Interest accrued but not due on Cash Credit	—	5,718
Sundry Creditors :		
— For Purchases- SSI Units	20,52,242	35,84,271
— For Purchases- Others	15,41,40,113	16,06,36,997
— For Capital Goods	63,99,917	1,09,28,023
Tax Deducted at Source	43,73,192	22,86,017
Interest Payable	20,76,066	—
Expenses Payable	1,41,18,137	69,72,858
-Unclaimed Dividend *	42,91,657	42,71,723
Other Liabilities	27,16,370	58,68,124
PROVISIONS FOR		
— Proposed Dividend	1,80,84,320	1,77,20,320
— Dividend Tax	30,73,430	24,85,275
— Income Tax	1,74,20,190	91,56,159
— Fringe Benefit Tax	10,14,837	16,49,531
— Gratuity	56,32,426	52,72,208
— Leave Encashment	13,90,667	12,63,351
— Excise duty on Finished Goods	20,69,009	15,00,893
— Stores Spares Purchases	1,15,73,409	40,89,368
— Other Expenses	58,46,582	1,42,50,395
TOTAL	**26,36,71,458**	**26,01,69,537**

* - No Amount is due and outstanding to be credited to investor Education and Protection Fund.

SCHEDULE - 13

OPERATING AND OTHER INCOME

PARTICULARS	AS AT 31.03.2007		AS AT 31.03.2006	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Gross Sales				
— Domestic	2,12,63,91,047		1,70,33,60,652	
— Export	1,31,23,740		89,28,490	
— Scrap/Trading Sale	16,99,40,981		11,81,77,151	
	2,30,94,55,768		1,83,04,66,293	
Less : Excise duty	32,42,36,769	1,98,52,18,999	25,68,22,868	1,57,36,43,425
Interest Received		17,30,569		16,78,748
Agriculture Income		50,000		78,000
Bad & Doubtful Debts Prov. written back		50,351		—
Profit on Sale of Assets		71,97,650		55,510
Other Misc.Income		67,89,982		48,70,373
TOTAL		**2,00,10,37,551**		**1,58,03,26,056**

SCHEDULE - 14

INCREASE/DECREASE IN STOCKS OF FINISHED GOODS, STOCKS IN PROCESS AND SCRAP

PARTICULARS	AS AT 31.03.2007		AS AT 31.03.2006	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
A. OPENING STOCK				
— Finished Goods	1,06,97,543		1,09,26,092	
— Scrap	69,555		1,35,564	
— Stocks-in-Process	1,56,38,237	2,64,05,335	1,28,77,993	2,39,39,649
B. CLOSING STOCK				
— Finished Goods	1,46,23,676		1,06,97,543	
— Scrap	1,47,136		69,555	
— Stocks-in-Process	3,52,53,778	5,00,24,590	1,56,38,237	2,64,05,335
Increase in Stocks (B-A)		**2,36,19,255**		**24,65,686**

SCHEDULE - 15

RAW MATERIAL CONSUMED

PARTICULARS	AS AT 31.03.2007		AS AT 31.03.2006	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Opening Stock				
— H.R.Coils	12,56,93,719		12,82,16,444	
— Paints & Chemicals	59,38,675		59,42,332	
— Packing Material	4,81,355	13,21,13,749	9,05,478	13,50,64,254
Add: Purchases				
— H.R.Coils	1,18,94,67,568		94,08,13,062	
— Paints & Chemicals	5,77,46,595		4,57,44,701	
— Packing Material	2,60,63,986	1,27,32,78,149	2,11,70,139	1,00,77,27,902
Less : Closing Stock				
— H.R.Coils	13,64,43,853		12,56,93,720	
— Paints & Chemicals	90,37,902		59,38,674	
— Packing Material	4,99,093	14,59,80,848	4,81,355	13,21,13,749
TOTAL		**1,25,94,11,050**		**1,01,06,78,407**

SCHEDULE - 16

MANUFACTURING EXPENSES

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
Consumable stores	3,81,37,016	3,15,46,770
Power & Fuel	6,81,46,566	4,65,30,206
Repair & maintenance - Machinery	2,47,69,328	2,31,62,133
Repair & maintenance - Building	2,09,503	19,42,924
Technical Know-how fees	15,59,413	19,31,265
Other Manufacturing Expenses	24,24,126	9,03,973
TOTAL	**13,52,45,952**	**10,60,17,271**

SCHEDULE - 17

EMPLOYEE COST

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
Salary & Allowances	6,51,36,852	5,74,20,647
Managing Director's Remuneration (including contribution to provident fund)	1,01,28,197	58,94,895
Contribution to PF & other funds	38,13,105	32,54,505
Staff Welfare	59,24,796	45,84,360
Staff Recruitment & Training Exp.	6,38,299	3,36,543
TOTAL	**8,56,41,249**	**7,14,90,950**

SCHEDULE - 18

FINANCIAL EXPENSES

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
Interest on - Term Loans	3,66,43,451	3,61,54,473
Redemption Premium on OCPS	25,95,170	—
Interest Paid on Unsecured Loan	26,31,763	—
Interest on - CC Limits	3,11,64,600	1,37,31,707
Other Financial costs	47,98,763	55,73,194
TOTAL	**7,78,33,747**	**5,54,59,374**

SCHEDULE - 19

ADMINISTRATIVE EXPENSES

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
Rent	60,13,000	33,51,590
Vehicle Repair & Maintenance	45,76,428	33,58,476
Insurance	51,09,140	46,31,931
Rates & Taxes	13,70,559	5,58,883
Auditors Remuneration	4,00,000	4,00,000
Sitting Fees	5,40,000	5,21,000
Legal & Professional Exp.	33,86,494	41,11,008
Travelling & Conveyance		
— Directors	8,82,055	6,82,086
— Others	58,55,105	57,85,214
Expenses on Foreign Travelling		
- Directors	3,64,143	7,64,705
- Staff	27,03,141	16,86,651
Advertisement	4,79,722	3,17,941
Postage & Telegrams	28,47,390	35,88,634
Stationery & Office Expenses	71,25,735	66,33,990
Slovakia Project Expenses	35,64,913	—
Miscellaneous Expenses	48,97,944	1,30,88,801
Provision for Doubtful Advances	35,00,000	—
TOTAL	**5,36,15,769**	**4,94,80,910**

SCHEDULE - 20

SELLING AND DISTRIBUTION EXPENSES

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
Cash Discount & Rebates	1,10,93,734	78,31,414
Royality	13,00,000	13,00,000
Freight Outward	7,02,90,536	5,43,17,135
TOTAL	**8,26,84,270**	**6,34,48,549**

SCHEDULE - 21

RESEARCH AND DEVELOPMENT EXPENESES

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
Salary & Wages	65,63,026	59,95,551
Travelling Expenses	3,42,115	3,02,910
Stores Consumed & Other Expenses	10,16,720	13,09,123
T O T A L	**79,21,861**	**76,07,584**

SCHEDULE - 22

NOTES ON ACCOUNTS

1. **SIGNIFICANT ACCOUNTING POLICIES**

i) Convention

The financial statements are prepared under the historical cost convention in accordance with the applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

ii) Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost of acquisition or construction is inclusive of duties, taxes and other incidental expenses net of modvat.

Die Tooling expenses include cost of dies and other direct/incidental expense and interest on in-house development. Capital work in progress includes machinery installed and running under Trial Run.

All pre-operative and trial run expenses (net of income) are accumulated as Capital Work in Progress, and are allocated to the relevant fixed assets on a pro-rata basis on the prime cost of the assets.

iii) Depreciation

Sr. No.	Name of Assets	Year Ending 31.03.2007	Year Ending 31.03.2006
1.	Plant & Machinery	SLM basis	SLM basis
2.	R&D Equipments	SLM basis	SLM basis
3.	Other Assets	SLM basis	SLM basis

Depreciation on Plant & Machinery and R&D equipments has been provided on Triple Shift basis, Depreciation on New Paint Plant has been provided on Double Shift basis and on other assets it has been provided as per the rates specified in schedule XIV of the companies Act, 1956.

iv) Inventories

Raw material and Stores lying at Factory have been valued at cost. Stocks in process have been valued at production cost. Finished goods lying at factory have been valued at cost including excise duty payable. Scrap has been valued at net realisable value.

v) Transactions in Foreign Currency

Foreign currency exposure against assets and liabilities, if any, not covered by forward exchange contracts are translated at the rates ruling at year-end.

vi) Retirement Benefits

Gratuity and Earned leave have been provided for in the books of accounts on actuarial valuation basis.

vii) Interest

Interest in respect of fixed deposits with Bank have been accounted for on accrual basis.

viii) Modvat

The balance in the Service Tax and Modvat account is shown as current asset.

ix) Recognition of Income/Expenditure

All revenues and expenses are accounted for on accrual basis.

x) Technical Know-how Fee

The Technical Know-how Fee paid to Ring Techs. Co.Ltd., JAPAN, as per agreement duly approved by RBI, has been accounted for on cash payment basis.

2. **CONTINGENT LIABILITIES NOT PROVIDED FOR ON ACCOUNT OF :**

(Rupees in Lacs)

		As at 31.03.2007	As at 31.03.2006
a)	Letters of Credit outstanding for import of Raw Material, Spares and Plant & Machinery.	334.27	921.86
b)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	4885.43	1312.16

3. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of amount considered reasonably necessary.

4. Debit and Credit Balances in the accounts of a few suppliers and others are subject to confirmation and reconciliation.

5. The Company had been granted exemption from Sales Tax under the Punjab Industrial Policies, 1989 and 1996. Any liability on account of Sales Tax, if arises, shall be accounted for at the time of assessment.

6. Payments to auditors included under the head Auditor Remuneration :

	Current Year (Rs.)	Previous Year (Rs.)
Statutory Audit Fee	2,50,000	2,50,000
Tax Audit Fee	70,000	70,000
Certificate Charges	40,000	40,000
Out of Pocket Exp. (Including Travelling)	40,000	40,000
	4,00,000	**4,00,000**

Service Tax has not been included above being modvatable.

7. Sundry Creditors include a sum of Rs. 2052242/- (Previous year Rs.3584271/-) due to Small Scale Industrial Undertakings. The dues have been determined to the extent of such parties which have been identified on the basis of the information available with the company. The same has been relied upon by the auditors. The parties, to whom the company owes sum outstanding for more than 30 days as at the date of Balance Sheet, are : Nil

8. During the year the Company has made a provision for accrued liability on account of Gratuity and leave encashment on the basis actuarial valuation as required by AS 15 (Revised 2005) - Employee Benefits issued by The Institute of Chartered Accountant of India, New Delhi.

9. In compliance with AS 22 issued by ICAI on Accounting for the Taxes on Income, a sum of Rs.3,24,98,648/- (Previous Year Rs. 1,79,41,105/-) has been considered as deferred tax liability in respect of timing difference for the year under consideration and the same has been charged to profit & loss account.

10. Prior period adjustment comprises of the followings :

Particulars	**Amount (in Rs.)**
Consultancy Fees	11,19,043
Provision for Redemption Premium on OCPS	49,15,714
Others	18,18,182
Total	**78,52,939**

11. The company had entered into an agreement for purchase of land admeasuring 304 kanals approx at village Bir Farozari, Distt. Panchkula, at a cost of Rs. 133.00 lac for setting up an auto component unit. The land has not yet been registered in the name of the company. Pending the same, the advance of Rs. 35.00 lac paid by the company has been shown as 'Advances Recoverable' in the Schedule of 'Loans & Advances' and being Under Legal suit, a provision for the same has been made.

12. Earning per Share (EPS)

Particulars	**Current year (Rs. in lacs)**	**Previous year (Rs. in lacs)**
Profit after tax as per profit and loss account	1403.08	1048.34
Less : Dividend and tax thereon in respect of preference shares	—	—
Profit available for shareholders	1403.08	1048.34
No. of equity shares	1,13,02,700	1,10,75,200
Earning per share (Rs.) EPS	12.41	9.47
Diluted Earning per share (Rs)	12.41	8.75

13. Related Party Disclosures

Detail of transactions entered into with related parties during the year as required by Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are as under :-

[Rs. (in lacs)]

Particulars	Key management personnel (KMP)	Enterprises over which KMP are able to to exercise significant influence including relatives	Total for the current year 2006-07	Total for the Previous year 2005-06
Purchase of fixed assets	—	2.20	2.20	0.61
Sale of Goods (Scrap)	—	6.52	6.52	—
Purchase of goods	—	—	—	0.78
Civil Work (Construction/Repair)	—	21.71	21.71	189.37
Civil Work (Consultancy)	—	43.68	43.68	37.85
Maintenance Charges	—	5.77	5.77	2.13
Lease Line Charges	—	13.19	13.19	21.91
Rent paid	—	23.25	23.25	6.00
Salary paid to Deputation Staff	—	23.66	23.66	—
Finance				
Managing Director's Remuneration	101.28	—	101.28	58.95
Dividend Paid	11.25	96.77	108.02	108.02
Amounts written off or written back in the period in respect of debts due from or to related parties	Nil	Nil	Nil	Nil

Note :

a)

Key Management : personnel	Sh. R.K. Garg Chairman	Sh. Dheeraj Garg Managing Director	Sh. H.K.Singhal Director

b) Enterprises over which Key Management Personnel (KMP) are able to exercise significant control with whom transactions have taken place during the year : SAB Industries Ltd., Steel Strips Ltd.

c) Relatives of the Key Management Personnel (with whom transactions have taken place) :

i) Mrs. Sunena Garg is related to Sh. R.K. Garg, Chairman and Sh. Dheeraj Garg, Managing Director.

ii) Mrs. Priya Garg is related to Sh. R.K. Garg, Chairman and Sh. Dheeraj Garg, Managing Director.

14. Managing Directors' Remuneration (Amount In Rs.)

	Current Year Ended 31.03.2007	**Previous Year Ended 31.03.2006**
Salary & Allowances	28,80,000	28,80,000
Contribution to Provident Fund	2,16,000	2,16,000
Commission on Profit	70,32,197	27,98,895
	1,01,28,197	**58,94,895**

15. The computation of Net Profits in accordance with Section 198 read with Section 349 of Companies Act,

1956 is given hereunder for the purpose of calculation of commission payable to Managing Director.

(Amount Rs.)

	Current Year Ended 31.03.07	**Previous Year Ended 31.03.06**
Profit as per Profit & Loss A/c	14,03,08,113	10,48,33,885
Add : Depreciation as per P&L A/c	12,25,17,509	10,64,54,293
Managing Director's Remuneration	1,01,28,197	58,94,895
Sitting Fee	5,40,000	5,21,000
Tax for the year	1,74,20,190	91,56,159
Deferred Tax Liability	3,24,97,320	1,79,41,105
Fringe benefit Tax	10,14,837	16,49,531
Total	**32,44,26,166**	**24,64,50,868**
Less: Depreciation calculated for Managerial Remuneration	12,25,17,509	10,64,54,293
Profit on Sale of Assets	71,97,650	(19,606)
Prior period adjustment	(78,52,939)	2,21,18,276
Available Profit	20,25,63,946	11,78,97,905
Commission/Remuneration	1,01,28,197	58,94,895
Less: Salary already paid (including value of perquisite as per Income Tax Rules)	30,96,000	30,96,000
Net Commission payable	**70,32,197**	**27,98,895**

16. a) Previous year figures have been re-grouped and rearranged wherever considered necessary to make them comparable with those of current year.

    b) Figures have been rounded off to the nearest rupee.

17. The company is in the business of manufacture and sale of wheel rims and there is no other segment as per Accounting Standard (AS-17) dealing with the segment reporting.

18. Detail of Provisions as per AS-29. (Rs. In Lacs)

	Employee Benefits (Gratuity Earned Leave)	Excise duty on Finished Goods lying in stock	Doubtful Debts	Store Spare Purchases	Others	Dividend and Dividend Tax	Income Tax & Fringe Benefit Tax
Balance as at April 1, 2006	65.36	15.01	6.21	40.89	142.50	202.06	108.06
Provision made during the year	8.34	20.69	35.00	101.81	57.77	211.58	184.35
Provision written off/ back during the period	3.47	15.01	0.50	26.97	141.80	202.06	108.06
Balance as at March 31, 2007	70.23	20.69	40.71	115.73	58.47	211.58	184.35

19. Schedule 1 to 22 form an integral part of the Balance Sheet, Profit & Loss Account and Cash Flow Statement.

AUDITORS' REPORT
Certified in terms of our separate report of even date annexed

For S.C. Dewan & Co.
Chartered Accountants

S.C. Dewan
Partner

Dheeraj Garg
Managing Director

Shaman Jindal
Company Secretary

H.K. Singhal
M.M. Chopra
Narendar Kumar
S.K. Bansal
S.S. Grewal
S.S. Jha
Directors

Place : CHANDIGARH
Dated : 19.06.2007

ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF PARAGRAPHS 3 & 4 OF PART-II OF SCHEDULE-VI OF THE COMPANIES ACT,1956

	PARTICULARS			2006-2007		2005-2006
A.	**QUANTITATIVE DATA**			**QTY (Nos)**		**QTY (Nos)**
1	Licenced Capacity (per annum) (Automotive Wheels)			Delicensed		Delicensed
2	Installed Capacity at the year end (As certified by the management)			75,00,000		54,00,000
3	Production			44,73,393		36,88,651
4	Raw-Material Consumed		**Qty. (MT)**	**Value (Rs.)**	**Qty. (MT)**	**Value (Rs.)**
	HR Strips		43,601	1,17,87,17,434	34,999	94,33,35,786
	Other material (Paints,Chemical,Packing)			8,06,93,616		6,73,42,620
				1,25,94,11,050		1,01,06,78,406
5	Opening Stock					
	Wheels	Nos.	30,066	1,06,97,543	40,058	1,09,26,092
	Scrap	MTs.	5	69,555	10	1,35,564
	W.I.P.			1,56,38,237		1,28,77,993
6	Closing Stock					
	Wheels	Nos.	31,751	1,46,23,676	30,066	1,06,97,543
	Scrap	MTs.	8	1,47,136	5	69,555
	W.I.P.			3,52,53,778		1,56,38,237
7	Turnover (Net)					
	Wheels Nos.		44,71,708	1,83,93,15,716	36,98,643	1,47,02,91,056
	Scrap / Trading Sales			14,59,03,283		10,33,52,369
B.	EXPENDITURE ON EMPLOYEES					
a)	Drawing remuneration of not less than Rs. 2400000/- per annum and employed throughout the year					
	-Nos. of Employees			1		1
	-Salary	(Rs.)		28,80,000		28,80,000
	-Contr.to Provident & Other Funds(Rs.)			2,16,000		2,16,000
	-Commission on profits	(Rs.)		70,32,197		27,98,895
b)	Employees drawing remuneration of not less than Rs. 200000/- per month and employed for a part of the year			NONE		NONE
C.	**CIF VALUE OF IMPORTS (DIRECT)**			**(Rs.)**		**(Rs.)**
	Raw Material			3,58,53,987		42,45,951
	Components & Spare Parts			3,17,39,763		2,38,75,819
	Capital Goods			2,72,79,470		9,40,18,902
D.	**CONSUMPTION OF RAW MATERIAL AND SPARES & COMPONENTS**					
			Value (Rs.)	**%age**	**Value (Rs.)**	**%age**
	a) Indigenous		1322317394	97.37%	1040037723	97.62%
	b) Imported		35746053	2.63%	25349587	2.38%
			1358063447	100.00%	1065387310	100.00%
E.	**EXPENDITURE IN FOREIGN CURRENCY**			**(Rs.)**		**(Rs.)**
	a) Raw Material			3,58,53,987		42,45,951
	b) Machinery stores			3,17,39,763		2,38,75,819
	c) Capital goods			2,72,79,470		9,40,18,902
	d) Technical Know-how fee			41,20,012		18,95,210
	e) Foreign Travel -Directors			11,52,563		14,87,770
	-Staff			20,17,433		25,65,248
	f) Other Expenditure			2,12,02,055		1,53,26,309
F.	**F.O.B. VALUE OF EXPORTS**			1,23,15,354		86,51,269
G.	**EARNINGS IN FOREIGN EXCHANGE**			1,31,23,740		89,28,490

AUDITORS' REPORT
Certified in terms of our separate report of even date annexed

For S.C. Dewan & Co.
Chartered Accountants

S.C. Dewan
Partner

Place : CHANDIGARH
Dated : 19.06.2007

Dheeraj Garg
Managing Director

Shaman Jindal
Company Secretary

H.K. Singhal
M.M. Chopra
Narendar Kumar
S.K. Bansal
S.S. Grewal
S.S. Jha
Directors

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	006159	State Code
Balance Sheet Date	31 03 2007	16

II. Capital Raised during the year (Amount in Rs.)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	
NIL	

III. Position of Mobilization and Deployment of Funds (Amount in Rs.)

	Total Liabilities	Total Assets
	2179545501	2179545501
Sources of Funds	Paid-up Capital	Reserves & Surplus
	113027000	521285311
	Secured Loans	Investments
	1359865378	2000000
	Unsecured Loans	Deferred Tax Liability
	101523409	83844403
Application of Funds	Net Fixed Assets	
	1715763794	
	Net Current Assets	Misc. Expenditure to the extent not written off
	459705707	2076000
	Accumulated Losses	
	NIL	

IV. Performance of Company (Amount in Rs.)

Turnover	Total Expenditure
2001037551	1809797091
Profit Before Tax	Profit After Tax
191240460	140308113
Earning Per Share	Dividend (%)
12.41	16

V. Generic Names of Three Principal Products of Company (as per monetary terms)

Item Code No. (ITC Code)	8708
Product Description	Automotive Wheel Rim

AUDITORS' REPORT
Certified in terms of our separate report of even date annexed

For S.C. Dewan & Co.
Chartered Accountants

S.C. Dewan
Partner

Place : CHANDIGARH
Dated : 19.06.2007

Dheeraj Garg
Managing Director

Shaman Jindal
Company Secretary

H.K. Singhal
M.M. Chopra
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S.K. Bansal
S.S. Grewal
S.S. Jha
Directors

STEEL STRIPS WHEELS LIMITED

Regd. Office & Works : Village Somalheri/Lehli, P.O. Dappar,
Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab
(In case the Member is unable to be present in person at the meeting this form may be used)

PROXY FORM

I/We ....

of...being a member/members of

Steel Strips Wheels Limited hereby appoint Mr./Mrs./Miss..

of..as my/our proxy to attend and to vote for me/us

and on my/our behalf at the **TWENTY FIRST ANNUAL GENERAL MEETING** of the Company to be held on **Thursday, the 27th day of September, 2007 at 11.00 A.M.** at Company's Registered Office at Village Somalheri/Lehli, P.O. Dappar, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) and at any adjournment thereof.

Signed this ....day of.................................2007.

Revenue Stamp

Regd. Folio No./Client ID ....Signature ....

NOTE :

1. The proxy must be deposited at the Regd. Office of the Company at least 48 hours before the time for holding the Meeting.
2. A proxy need not be a member of the Company.

STEEL STRIPS WHEELS LIMITED

Regd. Office & Works : Village Somalheri/Lehli, P.O. Dappar,
Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

Name of the Member
(IN BLOCK LETTERS)

Registered Folio No ....
Client ID...

---

tName of the Proxy (IN BLOCK LETTERS)
[To be filled in case the Proxy attends instead of the member(s)]

I hereby record my presence at the TWENTY FIRST ANNUAL GENERAL MEETING held on Thursday, the 27th day of September, 2007 at 11.00 A.M. at Company's Regd. Office & Works Village Somalheri/Lehli, P.O. Dappar, Tehsil Derabassi, Distt. S.A.S. Nagar (Mohali) Punjab.

Member's/Proxy Signature
(To be Signed at the time of handing over this slip)