

22nd ANNUAL REPORT 2006-2007



STERLING STRIPS LIMITED

STERLING STRIPS LIMITED

BOARD OF DIRECTORS

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

CHAIRMAN & MANAGING DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR

BANKERS

STATE BANK OF TRAVANCORE
STATE BANK OF INDORE

AUDITORS

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

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REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE

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

SHARE TRANSFER DEPARTMENT

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

STERLING STRIPS LIMITED**NOTICE**

Notice is hereby given that the Twenty Second Annual General Meeting of the members of the Company will be held at its Registered Office at A-8/4, M.I.D.C., Murbad, Dist: Thane – 421 401, on Thursday the 27th September, 2007 at 4.00 P.M. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors & Auditors thereon.
2. To appoint a Director in place of Dr. M.G.Gharpure who retires by rotation and being eligible, offer himself for reappointment.
3. To appoint a Director in place of Mr. Bakul Shah who retires by rotation and being eligible, offer himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

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

BY ORDER OF THE BOARD OF DIRECTORS
For STERLING STRIPS LIMITED

PLACE : MUMBAI
DATE : 30.07.2007.

S.VENKATA SUBRAMANIAN
CHAIRMAN & MANAGING DIRECTOR

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself and such proxy need not be a member of the company. Proxy Form in order to be effective must be deposited with the company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 24th September, 2007 to 27th September, 2007 (Both days inclusive)
3. Members are requested to notify immediately, any change in their address, to the Company at its Corporate Office. Any communication with the Company will be greatly facilitated if registered folio number is quoted.
4. Members/Proxies should bring their attendance slip duly filled in for attending the meeting.

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

Dr. Mukund Gopal Gharpure, aged 50 years, Director on the Board shall be retiring by rotation and seeks reappointment. Dr. Mukund Gopal Gharpure was appointed as an Additional Director in the Board of Directors of the Company w.e.f. 30th June, 2005. Dr. Gharpure is a Ph.D (Chemical Engg.) by qualification and has got vast experience of more than 20 years in the field of energy conservation & audit. He also holds Directorship on the Board of M/s Goldenstar Tech. Serv. Pvt. Ltd., M/s Madhura Chemicals Pvt. Ltd., M/s Feedback Control System Pvt. Ltd. and M/s Yajna Energy Services Pvt. Ltd. The Board is of the opinion that being an expert in the field of energy, his association would be most beneficial to the progress of the company. Therefore, the Board recommends his re-appointment as Director on the Board of the Company.

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

Item No. 3

Mr. Bakul Shah, aged 47 years, Director on the Board shall be retiring by rotation and seeks reappointment. Mr. Bakul Shah was appointed as an Additional Director in the Board of Directors of the Company w.e.f. 30th June, 2005. Mr. Shah is a Chartered Accountant by qualification and has got vast experience of more than 20 years in the field of Accounts & Finance. The Board is of the opinion that being an expert in the field of Finance & Accounts along with industry experience, his association would be most beneficial to the progress of the company. Therefore, the Board recommends his re-appointment as Director on the Board of the Company.

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

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

Your Directors have pleasure in presenting the 22nd Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2007 and Auditors Report thereon.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	2006-07	2005-06
Sales & Other Income	179.82	252.73
Profit/(Loss) Before Interest & Depreciation	31.69	30.12
Less : Interest & Finance Charges	0.14	0.37
Profit/(Loss) Before Depreciation	19.84	29.75
Less : Depreciation	31.55	20.19
Profit/(Loss) Before Tax	11.85	9.56
Less : Provision for Tax	0.43	0.87
Profit/(Loss) After Tax	11.43	8.69
Add : Prior Period adjustment	—	0.33
Add : Balance brought forward	(717.60)	(726.62)
Balance carried to Balance Sheet	(706.17)	(717.60)

DIVIDEND

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

OPERATIONS

The Company has recorded a turnover of Rs.179.71 Lacs excluding the other income against turnover in the previous year of Rs. 252.72 Lacs. Further the Company has made a profit before tax of Rs.11.86 Lacs for the year ended 31st March 2007 as against a profit of Rs.9.56 Lacs during the previous year ended 31st March 2006. The reference of the company, registered with BIFR as Case No. 295/2003 is pending for hearing.

BUSINESS PROSPECTS

The Company is slowly progressing on its revival path by generating a higher profit, though marginal, each year, for the last three years, after a continuous period of loss for 7 years. Though there is decrease in turnover as compared to the last year, there is an increase in the profit. During the year company has focused on job work as a survival strategy. Considering the boom in the capital goods sector of the economy, the company has received a number of enquiries, but due to constraint on the finance front, remains unable to capitalize on such enquiries. With focused attention on its area of strength, the Board is of the opinion that the company will be able to put up a much higher turnover and profit in the coming years.

FIXED DEPOSITS

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

DIRECTORS

Dr. Gharpure retires by rotation & being eligible offers himself for re-appointment. Mr. Bakul Shah retires by rotation & being eligible offers himself for re-appointment.

AUDITORS

M/s. D. C. Bothra & Co. Chartered Accountants, Auditors of the Company retire at the forthcoming Annual General Meeting. They are eligible for re-appointment and have furnished a certificate, certifying that their re-appointment shall be within the limits of Section 224(1) of the Companies Act, 1956. Your Directors recommend their re-appointment.

AUDITORS REPORT

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

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

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

DIRECTORS RESPONSIBILITY STATEMENT

In the preparation of annual accounts for the year ended 31st March 2007, the Company has followed the applicable accounting standards along with proper explanation relating to material departures.

The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit and loss of the Company for the year ended 31st March, 2007.

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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

PERSONNEL

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

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

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

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

ACKNOWLEDGEMENT

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

FOR AND ON BEHALF OF THE BOARD

S/d-
S. VENKATA SUBRAMANIAN
CHAIRMAN & MANAGING DIRECTOR

PLACE : MUMBAI

DATE : 30.07.07

STERLING STRIPS LIMITED**ANNEXURE TO DIRECTORS REPORT:**

(Additional information given in terms of Notification 1029 of 31.12.1988 issued by the Department of Company Affairs)

Disclosure**A Conservation of Energy:****a) Energy Conservation measures taken:**

- Optimisation of power factor by effective operation of power Capacitor near load point.
- Regular preventive maintenance of energy consuming equipment.
- Maximum demand control by switching off unnecessary illumination.
- Controlling energy consumption by switching off idle machines & electrical power supply system.

b) Additional investments & proposals, if any :

- No additional investment for conservation of Energy was made during the year.

c) Impact of the above measures on consumption of Energy:

- Stabilisation in revenue expenditure for maintenance of illumination & electrical power supply system.

d) Total Energy Consumption & Energy :

- Consumption per unit of production as prescribed not given as the Company is not covered under the list of specified industries.

B Technology Absorption: Refer Form 'B' given below

C Foreign Exchange Earning : Rs. NIL (185220)

D Foreign Exchange Outgo : Rs. NIL (NIL)

FORM B**1 Specific areas in which R & D carried out by the company.**

- Product development in line with Company's present business
- Development & evaluation of alternate system/raw materials.

2. Benefits derived as a result of the above R & D

- Development of existing product of improved design i.e. Industrial Boilers with high efficiency.

3. Further plan of action :

- To carry out further product development & technology upgradation.

4. Expenditure on R & D:

- Since the Research & Development is carried out in the design of the product drawn by our design department specific expenditure for R & D has not been ascertained.

5. Technology absorption, adoption & innovation :

- No other process for technology absorption, adoption & innovation has been adopted.
- The Company proposes to obtain ISO Certification.

For & On Behalf of the Board

DATE : 30.07.2007
PLACE: MUMBAI

S. VENKATA SUBRAMANIAN
MANAGING DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

Industry Structure & Development

All the sectors of the economy being in expansion mode there is a huge demand for capital goods. Big organized players in the industry, with a lot of back log of orders on hand, in absence of the required manufacturing and other infrastructural set up to cope with such back log of orders, are on the look out for smaller and new entrants having reasonable manufacturing setup for acquisition, providing scope for consolidation in the industry. Organized players being overbooked, the need for quick delivery and low prices paves the way for smaller units with manufacturing facilities in the engineering sector.

Opportunities & Threats

Company's sound manufacturing facilities and focused attention on job work as a survival strategy has opened new avenues of opportunity for the company. Expertise and experience of the company to provide tailor made solutions to industry in the energy related areas, provides a huge opportunity for the company's products. Strong investment in capital goods sector would open up a huge opportunity for the company to capitalize on its strength.

Shortage of experienced man power and high attrition rate are the areas of concern which can effect profitability of the industry.

Product wise performance

The company has concentrated on job work for heavy industrial equipment and a tailor made solution for a client in the manufacturing sector has been provided during the financial year 2006-07.

Outlook

Further outlook of the company is quite encouraging. With focused attention on job work for heavy industrial equipment and with the expertise to provide tailor made solutions to industry, the company is able to generate good enquiries for its specialized products. Keeping in view the enquiries and orders in hand it is anticipated that the company's performance will be reasonably good in the current year.

Risk and concern

The engineering goods sector is largely dependent on availability of skilled man power. Boom in the engineering goods sector paves the way for high attrition rate in the industry.

The company has no control on the external factors which may adversely affect the Company's operation. However, risk factors are continuously monitored by the management and necessary steps are taken to mitigate them.

Internal Controls System and their adequacy

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

Financial Performance

Please refer to the Director's Report

Material Developments in Human Resources/Industrial Relations

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

Cautionary Statement

Statement in this report on Management Discussion & Analysis describing the Company's projections and estimates may be forward looking and are based on certain assumptions and expectations of future events. Actual results may differ from projections due to demand-supply conditions, prices of finished goods and raw materials, changes in Government regulations, tax structure and other factors.

The Company assumes no responsibility in respect of forward looking statements which may undergo change on the basis of subsequent developments or events.

STERLING STRIPS LIMITED**CORPORATE GOVERNANCE REPORT**

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

CORPORATE PHILOSOPHY :

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

2. BOARD OF DIRECTORS:

The company has 2 executive and 4 non executive directors. During the financial year 4 Board meetings were held on 13th May 2006, 29th July 2006, 30th October 2006 and 31st January 2007. The attendance of each Director at the Board Meetings and the last Annual General Meeting are as under:

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

Dr. Mukund Gopal Gharpure, aged 50 years, Director on the Board shall be retiring by rotation and seeking reappointment.. Dr. Mukund Gopal Gharpure was appointed as an Additional Director in the Board of Directors of the Company w.e.f. 30th June, 2005. Dr. Gharpure is a Ph.D (Chemical Engg.) by qualification and has got vast experience of more than 20 years in the field of energy conservation & audit. He also holds Directorship on the Board of M/s Goldenstar Tech. Serv. Pvt. Ltd., M/s Madhura Chemicals Pvt. Ltd., M/s Feedback Control System Pvt. Ltd. and M/s Yajna Energy Services Pvt. Ltd. The Board is of the opinion that being an expert in the field of energy conservation & audit, his association would be most beneficial to the progress of the company.

Mr. Bakul Shah, aged 47 years, Director on the Board shall be retiring by rotating and seeks reappointment. Mr. Bakul Shah was appointed as an Additional Director in the Board of Directors of the Company w.e.f. 30th June, 2005. Mr. Shah is a Chartered Accountant by qualification and has got vast experience of more than 20 years in the field of Accounts & Finance. The Board is of the opinion that being an expert in the field of Finance & Accounts along with industry experience, his association would be most beneficial to the progress of the company.

BOARD PROCEDURE :

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

3. AUDIT COMMITTEE :

The audit committee consists of Shri. Bakul Shah, Mr. Rajesh Ulhas Deshpande and Mrs. Rajlakshmi Venkat, to oversee the company's financial reporting & adequacy of internal control functioning. Mr. Dinesh Kumar Agarwal, Company Secretary acts as secretary to the committee. Four Audit Committee meetings were held on 13th May, 06, 29th July, 06, 30th October, 06 & 31st January, 07 during the financial year ended 31st March, 2007. Apart from the members, the Statutory Auditor, Managing Director and other Financial Executives of the Company also attended the Meeting on invitation. The terms of reference were to review periodical financial statement of the company and to ensure compliance of the internal control system, apart from investigating into any matter as may be referred to it by the Board.