

23rd ANNUAL REPORT 2007-2008



STERLING STRIPS LIMITED

STERLING STRIPS LIMITED

BOARD OF DIRECTORS

S VENKATA SUBRAMANIAN
DEEPAK S. SHAH
RAJALAKSHMI V.
MUKUND GOPAL GHARPURE
RAJESH ULHAS DESHPANDE
BAKUL SHAH

CHAIRMAN & MANAGING DIRECTOR
WHOLE TIME DIRECTOR
DIRECTOR
INDEPENDENT NON EXECUTIVE DIRECTOR
INDEPENDENT NON EXECUTIVE DIRECTOR
INDEPENDENT NON EXECUTIVE DIRECTOR

BANKERS

ICICI BANK LTD.
CANARA BANK

AUDITORS

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

REGISTERED OFFICE & WORKS

A 8/4, MIDC INDUSTRIAL AREA,
MURBAD, DIST : THANE,
MAHARASHTRA - 421 021.

CORPORATE OFFICE

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

SHARE TRANSFER AGENT & REGISTRAR

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

STERLING STRIPS LIMITED**NOTICE**

Notice is hereby given that the Twenty Third Annual General Meeting of the members of the company will be held at it's Registered Office at A 8/4, M.I.D.C., Murbad, Dist : Thane 421 401, on Saturday the 27th September, 2008 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, 2008 and the Profit & Loss Account for the year ended on that date and the Reports of Directors & Auditors thereon.
2. To appoint a Director in place of Mr. Deepak S. Shah who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Rajesh Ulhas Deshpande who retires by rotation and being eligible, offers 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 authorise 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 LTD.

PLACE : MUMBAI
DATE : 31.07.2008

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 22nd September, 2008 to 27th September, 2008 (Both days inclusive)
3. Members are requested to notify immediately, any change in address, to the Company at it's corporate office. Any communication with the company will be greatly facilitated if registered folio No. or DP ID / Client ID, in case shares are in physical /dematerialized form, as the case may be is quoted.
4. Members / Proxies should bring their attendance slip duly filled for attending the meeting.

ADDITIONAL INFORMATION

1. Mr. Deepak S. Shah, aged 48 years, Whole Time Director on the Board is retiring by rotation and seeks reappointment. He is an experienced businessman. His marketing skills have enabled the company to clinch prestigious orders against the stiff competition. Cost control is his other area of strength which resulted in savings for the company.
2. Mr. Rajesh Ulhas Deshpande, aged 38 years, Independent Director on the Board is retiring by rotation and seeks reappointment. He is a B-Tech (Chemical Engineer) and MMS by qualification. He has vast experience in the feild of energy conservation and business management consultancy.

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

Your Directors have pleasure in presenting the 23rd Annual Report together with Audited Statement of Accounts for the financial year ended 31st March, 2008 and Auditors Report thereon.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	2007-08	2006-07
Sales & Other Income	942.56	179.82
Profit/(Loss) Before Interest & Depreciation	111.59	31.69
Less : Interest & Finance Charges	0.56	0.14
Profit/ (Loss) Before Depreciation	111.03	31.55
Less : Depreciation	17.89	19.69
Profit/ (Loss) Before Tax	93.14	11.86
Less : Provision for Tax	5.02	0.43
Profit/ (Loss) After Tax	88.12	11.43
Add: Balance brought forward	(706.17)	(717.60)
Balance carried to Balance Sheet	(618.05)	(706.17)

DIVIDEND

Considering the accumulated losses of the company, your Directors are unable to recommend any dividend.

OPERATIONS

The Company has recorded a turnover of Rs. 918.03 Lacs excluding the other income against turnover in the previous year of Rs.179.71 Lacs. Further the Company has made a profit before tax of Rs 93.14 Lacs for the year ended 31st March 2008 as against a profit of Rs.11.86 Lacs during the previous year ended 31st March 2007. The reference of the company, registered with BIFR as Case No.295/2003 is pending for hearing.

BUSINESS PROSPECTS

The Company has made remarkable improvement in its performance as compared to the last few years and is inching surely and steady towards its revival. Substantial improvement in turnover as well as in profit are positive indicators of the company's strategy towards its revival. Focused attention on the company's expertise in engineering and system integration, resulted in generation of a number of enquiries. The company however is selecting its orders depending upon the suitability of its resources. The company has executed a number of orders on job-work basis for prestigious clients. The company is actively exploring avenues for enhancing its turnover and profit in the forthcoming 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

Mr. Deepak S. Shah retires by rotation & being eligible offers himself for re-appointment. Mr. Rajesh Ulhas Deshpande 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 recommended their re-appointment.

AUDITORS REPORT

As regards 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 2008, 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 2008.

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 : 31.07.2008

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 specific industries.

B Technology Absorption : Refer Form 'B' given below**C Foreign Exchange Earning : Rs. NIL (NIL)****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 up-gradation.

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 : 31.07.2008

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

Holding on of expansion plans by big corporate houses, job cuts and a dip in industrial growth as per published data, collectively appears to indicate that the world economy moving towards recession. Although the USA in particular expresses it's apprehension about the onset of recession. India's strength lies in it's inherent critical mass and self consumption, which is expected to sustain the growth of preceding years albeit at a slower pace. Large infrastructure development projects under execution and in the pipeline, mega-expansion plans under execution are expected to provide enough fuel to growth for the engineering sector (of which the company is a part) in the forthcoming years.

Opportunities & Threats

Focused attention on job work and appropriate utilization of available resources has paid the company well, in it's efforts to put the company on it's revival path. The company's expertise to provide the industry tailor-made solutions as per the specific need of the industry, has opened up new areas of opportunity for the company. Large expansion projects under execution and infrastructure development projects provide huge opportunities for the company.

Continuous increase in steel prices the basic raw material of the company and shortage of experienced manpower may have adverse impact on the growth.

Product wise performance

Fabrication of heavy industrial equipment on job work basis and penetration in new areas of opportunities in the capital goods sector paid rich dividends to the company resulting in almost five fold growth.

Outlook

In view of expansion plans and infrastructure development projects, the company looks with optimism towards it's future. By penetrating new areas of opportunity and judicious utilization of it's experienced manpower, it is expected to generate a number of enquiries for the company. Considering the numbers of enquiries and anticipated orders it appears that the performance of the company will be satisfactory in the current year.

Risk and concern

Increase in steel prices leading to shrinkage in the margins for the products of the company. High attrition rate of the skilled man power in the engineering sector is another area of concern for the industry.

The company has no control over 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 Control System and their adequacy

The Company maintained adequate internal control system and procedure in major area of operations, which is commensurate with it's size. Internal controls are reviewed periodically by the Audit Committee.

Financial Performance

Please refer to the Director's Report

Material Development in Human Resources/ Industrial Relations

The company possesses good quality of human resources. Employees/Industrial relations are harmonious. The Board wishes to place on record it's 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 development 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 into 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 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 31st May 2007, 30th July 2007, 31st October, 2007 & 30th January 2008. 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. Rajalakshmi Venkat	Non Executive	4	YES	--
Mr. Rajesh Ulhas Deshpande	Independent Director	3	YES	1
Mr. Mukund Gopal Gharpure	Independent Director	4	YES	4
Mr. Bakul Shah	Independent Director	4	YES	--

Mr. Deepak S. Shah, aged 48 years, Whole Time Director on the Board is retiring by rotation and seeks reappointment. He is an experienced businessman. His marketing skills have enabled the company to clinch prestigious orders against stiff competition. Cost control is his other area of strength which resulted in savings for the company. The Board is of the opinion that his association would be most beneficial to the progress of the company.

Mr. Rajesh Ulhas Deshpande, aged 38 years, Independent Director on the Board is retiring by rotation and seeks reappointment. He is a B-Tech (Chemical Engineer) and MMS by qualification. He has vast experience in energy conservation and business management consultancy. The Board is of the opinion that being an expert in the field of energy conservation and business management, 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. Rajalakshmi 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 31st May 2007, 30th July 2007, 31st October, 2007 & 30th January 2008 during the financial year ended 31st March, 2008. Apart from the members, Managing Director and other Financial Executives of the Company also attended the meeting on invitation. The terms of reference were to review the 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.

4. REMUNERATION COMMITTEE:

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

The details of remuneration paid to Executive Directors during the financial year 2007-08 is as follows.

Name of Director	Remuneration
Mr. S. Venkata Subramanian	7,20,000/-
Mr. Deepak S. Shah	6,60,000/-

5. SHARE HOLDER'S/INVESTOR GRIEVANCE COMMITTEE

The Composition of Shareholder's /Investor's Grievance Committee as at March 31, 2008 is as under:

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

REFERENCE :

The gist of terms of reference is as follows:

- Transfer/transmission of shares and all other matters related thereto
- Redressal of investor's /shareholder's grievances.

The Company Secretary, Mr. Dinesh Kumar Agarwal is the compliance officer of the company.

Total Number of complaints received and redressed during the year - 6 Nos.

Complaint pending redressal as on 31.03.2008. - Nil