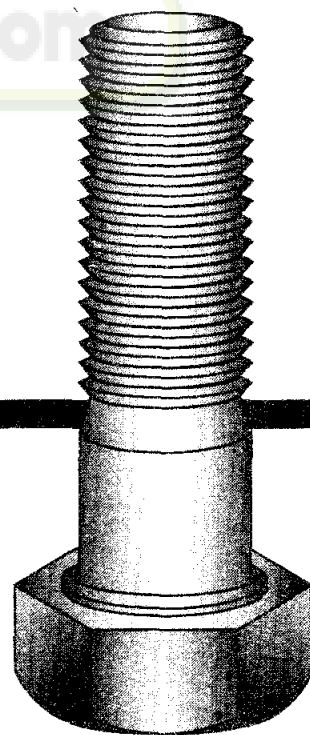


STERLING TOOLS LIMITED



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Annual Report 2000-01



Notice for the Annual General Meeting

Notice is hereby given that Twenty Second Annual General Meeting of the Members of the Sterling Tools Limited will be held at **Hotline Mukesh Aggarwal Auditorium**, ELCINA House, 422, Okhla Industrial Estate, New Delhi - 110020 on Saturday, 29th September, 2001 at 9:00 a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2001 and the Profit and Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March 2001.
3. To consider and appoint a Director in place of Dr. T. N. Kapoor, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider and appoint a Director in place of Mr. Atul Aggarwal, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint the auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, and to authorize the Board of Directors to fix their remuneration. M/s S. R. Dinodia & Co, Chartered Accountant, New Delhi, the retiring Auditors, being eligible, offer themselves for reappointment.

Special Business

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution:

Resolved that Mr. K. R. Gupta, in respect of whom notice under Section 257 of the Companies Act, 1956 has been received, be and is hereby appointed as the Director of the Company, liable to retire by rotation.

Registered Office:

F-37, Okhla Industrial Area, Phase I,
New Delhi - 100 020

Date: 25-07-2001

Place: New Delhi

By order of the Board

(Sanjay Grover)
(Company Secretary)

Notes

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. The Proxy need not be a member of the Company. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, 25th September 2001 to Saturday, 29th September 2001 (both days inclusive) in connection with the ensuing Annual General Meeting and for purpose of determining the entitlement of dividend, if any, declared by the Company.

3. The Directors' Report Auditors' Report and Audited Balance Sheet as at 31st March 2001 and the Profit and Loss Account for the year ended on that date are enclosed.
4. With a view to providing protection against fraudulent encashment of dividend warrants, the members are requested to provide their bank account numbers, names of the banks and addresses of the branches to enable the Company to incorporate the said details in the dividend warrants. Those members who have not yet provided such information are again requested to provide the same quoting their folio numbers / Client ID and DP ID in case of Demat, to reach the Company latest by Monday, 24th September, 2001 to enable the Company to incorporate this information in the dividend warrants. Members will appreciate that the Company will not be responsible for any loss arising out of such fraudulent encashment of dividend warrants.
5. Members holding shares in identical order of names in more than one folio are requested to write to the Company at its Registered Office enclosing their share certificates to enable the Company to consolidate their holdings in one folio.
6. Members are requested to notify immediately, changes in their addresses, if any, to the Company's registered office, quoting their folio number so that dividend warrants are correctly dispatched.
7. Those members who have not so far claimed their dividend for the financial year 1995-96, 1996-97, 1997-98, 1998-99 and 1999-2000 are requested to make their claims to the Company for obtaining duplicate dividend warrants.

Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 6.

The Company has received a notice under section 257 of the Companies Act, 1956 from a member together with a requisite fee, informing of his intention to propose the appointment of Mr. K. R. Gupta, as a Director of the Company. As required, the resolution for his appointment as a member of Board of the Company is recommended for consideration by the members.

Mr. K. R. Gupta is a tax consultant and has been in this field for last 40 years. He joined Indian Revenue Services in 1957 and worked in various capacities in Income tax Department from 1957 to 1992. He worked as Commissioner of Income tax at Delhi and Mumbai, Member Appropriate Authority, Delhi and the Chief Commissioner of Income Tax, Rajasthan and Madhya Pradesh. He pursued a course of Study and Research in International Taxation at Harvard Law School, U.S.A. from August 1978 to June 1979 and worked as incharge of Foreign Tax Division of CBDT, New Delhi and was a member of Indian Tax Delegation for finalization of Double Taxation Avoidance Agreements and visited several countries including Sweden, Mauritius, Syria and Thailand.

Presently, he is working as a Tax Consultant in Direct Taxes and Tax Adviser of some reputed business houses. He is also a Director on the Board of APM Industries Limited. Being an expert Tax Consultant, his inclusion in the Board of the Company shall prove to be very beneficial.

None of the directors of the Company are interested in the above resolution.

Registered Office:

F-37, Okhla Industrial Area, Phase I,
New Delhi - 100 020
Date: 25-07-2001
Place: New Delhi

By order of the Board

(Sanjay Grover)
(Company Secretary)

	Board of Directors	
	Shri M.L. Aggarwal	Company Secretary &
	Chairman	Compliance Officer
	Shri Anil Aggarwal	Shri Sanjay Grover
	Managing Director	
Registered office	Shri Atul Aggarwal	Banker
F-37, Okhla Industrial Area Phase - I	Director	Oriental Bank of Commerce
New Delhi 110 020	Shri Yash Mahajan	
Tel: 681 0061, 681 0092, 681 0337	Director	Auditors
Fax: 681 0091	Shri D.K. Chakraborty	S.R. Dinodia & Co.
	Director	Chartered Accountants
Works:	Dr. T.N. Kapoor	C-37, Connaught Place
5-A, DLF Industrial Estate	Director	New Delhi 110 001
Faridabad (Haryana) 121 003		

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Report of the Directors

Your Directors have pleasure in presenting the twenty-second Annual Report and Audited Accounts for the Financial Year ended 31st March 2001.

Business review

During the year under review, the industry witnessed recessionary conditions. Despite these pressures, your Company has been able to maintain almost same sales turnover as compared to last year. While gross sales have gone down by 1.19%, Profit Before Taxation by 5% approximately and Profit After Tax by almost 8.6%. The following table gives the salient features of the performance of the Company.

Particulars	(All figures in Lacs)	
	Financial Year	
	2000-2001	1999-2000
Gross Sales Turnover	4103.82	4153.27
Profit before interest, depreciation and tax	735.04	733.38
Interest	102.46	89.77
Depreciation	191.36	178.63
Profit Before Taxation (PBT)	441.22	464.98
Provision for Taxation	129.50	124.00
Profit After Taxation (PAT)	311.72	340.98

Dividend and Appropriations

In keeping with Sterling's tradition of high regard for its shareholders and despite a slight fall in profit after tax for the year, your Directors recommend 30% Dividend for the financial year 2000-2001.

With dividend payment expected to absorb Rs 102.67 Lacs, tax at 11.3% on dividend absorbing Rs 11.60 Lacs, a sum of Rs 100 Lacs has been transferred to General Reserve.

Finance

Your Company has enjoyed sound financial health throughout the year. The Company has not accepted any deposits which come under the preview of Section 58A of the Companies Act, 1956.

Re-issue of Forfeited Shares

Your Company reissued 13600 equity shares, which were forfeited last year, to the employees of the Company at face value after obtaining requisite consent of the Stock Exchanges.

Current Performance

It is matter of great satisfaction that fiscal 2001-2002 has begun on a promising note. April-June quarter gross sales reached Rs. 12.38 Crores as against Rs. 9.16 Crores during the corresponding quarter of the previous year, registering a growth of almost 35% over the last year for the same period.

We see this trend continuing through out the year, due to new product developments, focus on key customers and components, and good response of dealers to the sale of STL fasteners in the replacement market.

Director's Responsibility Statement

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that 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 the financial year ended 31st March, 2001 and the profit of the company for the year;
- (iii) that the directors had 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;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

Corporate Governance

As per the Listing Agreement with Stock Exchanges, your company is required to comply with the requirements of Corporate Governance by 31st March 2002. However, the Company has already initiated steps towards the compliance of the Guidelines of SEBI regarding the Corporate Governance which will be totally complied with by the end of current Financial Year.

Human Resources

The industrial relations continued to be cordial throughout the year and human resources and its developments continue to be our focus area. Due to intensive training, there has been an improvement in terms of quality, productivity and house keeping. Your Directors wish to thank all its employees and place on record their appreciation of the contributions made by your Company's employees at all levels during the year under review.

As required by Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, a statement on information relating to employees has been given by way of Annexure-I to this Report.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

Information pursuant to the provisions 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, relating to conservation of energy, technology absorption & foreign exchange earnings and outgo are given by way of Annexure-II to this Report.



STERLING TOOLS LIMITED

Directors

In terms of Article 89 of the Articles of Association and Section 255 & 256 of the Companies Act, 1956, Dr. T. N. Kapoor and Mr. Atul Aggarwal retire by rotation in the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

Auditors

a) Appointment

M/s. S. R. Dinodia & Company, the statutory auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Your Directors recommended that they be reappointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

b) Report

The remarks of the Auditors in their Report and Notes attached to the Accounts for the financial Year 2000-2001 are self-explanatory and therefore do not call for any further comments.

Acknowledgements

Your Directors wish to take this opportunity to thank the customers, vendors, suppliers, shareholders, bankers and all associates for their continued support to your Company's growth and also wish to place on record their appreciation for dedicated services rendered by employees at all levels who have contributed to a satisfactory performance of your Company.

for and on behalf of the Board

Date: 25.07.2001

Place: New Delhi

M. L. Aggarwal
Chairman

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