

STERLING TOOLS LIMITED

Annual Report 2011-2012



Registered Office

243, Okhla Industrial Area,
Phase -III, New Delhi- 110020
Tel. : +91 - 011 - 41096324

Corporate Office :

Plot No. 4, DLF Industrial Estate
Faridabad - 121 003 (Haryana)
Tel. : 0129-2270621-25
Fax : 0129-2277359

Works :

5-A, DLF Industrial Estate
Faridabad - 121 003 (Haryana)

49 K.M. Stone Delhi Mathura Road,
Village-Prithla, Tehsil-Palwal
Distt.-Palwal (Haryana)

81, Sector 25, Ballabhgarh
Faridabad (Haryana)

Bankers

Oriental Bank of Commerce
HDFC Bank Limited

Board of Directors

Shri M.L. Aggarwal
Chairman

Shri Anil Aggarwal
Managing Director

Shri Atul Aggarwal
Whole Time Director

Dr. T.N. Kapoor
Director

Shri K.R. Gupta
Director

Shri C.R. Sharma
Director

Compliance Officer

Ms. Vaishali Singh
Company Secretary

Auditors**Statutory Auditor**

S.R. Dinodia & Co.
Chartered Accountants
K-39, Connaught Place
New Delhi - 110 001

Internal Auditor

JRA & Associates
Chartered Accountants
B-15 (LGF), G.K. Enclave - II
New Delhi - 110048 (India)

Registrar & Transfer Agent

MAS Services Limited
T-34, 2nd Floor,
Okhla Industrial Area,
Phase-II, New Delhi-110020

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STERLING TOOLS LIMITED

243, Okhla Industrial Area,
Phase -III, New Delhi- 110020

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

L.F.No. **A00** _____

No. of Shares _____

DP Id.*	
---------	--

Client Id.*	
-------------	--

Name(s) in full	Father/Husband's Name	Address as Registered with the Company
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____

I/We hereby record my/our presence at the 33rd Annual General Meeting of the Company being held on Friday 6th July, 2012 at 09:30 A.M. at **Lakshmipat Singhania Auditorium**, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016.

*Signature of the shareholder(s) / Proxy***

1. _____ 2. _____ 3. _____

* Applicable for investors holding shares in electronic form

** Strike out whichever is not applicable

Note : Attendance slip in original should be complete in all respect

STERLING TOOLS LIMITED

243, Okhla Industrial Area,
Phase -III, New Delhi- 110020

PROXY

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

L.F.No. **A00** _____

No. of Shares _____

DP Id.*	
---------	--

Client Id.*	
-------------	--

Name(s) in full	Father/Husband's Name	Address as Registered with the Company
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____

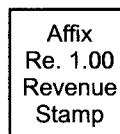
being a member/members of **Sterling Tools Ltd.** hereby appoint _____ or failing him/her _____ of _____ as my/our proxy to vote for me/us and on behalf at the 33rd Annual General Meeting of the Company being held on Friday 6th July, 2012 at 9:30 A.M. at **Lakshmipat Singhania Auditorium**, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 and at the adjournment thereof.

Signature of the shareholder(s)

Signature of Proxy

1. _____ 2. _____ 3. _____ 1. _____

* Applicable for investors holding shares in electronic form



2. _____

Date : / /2012

Notes: The proxy must be returned so as to reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid. The proxy need not be a member of the Company.

Notice for the Annual General Meeting

Notice is hereby given that Thirty Third Annual General Meeting of the Members of **Sterling Tools Limited** will be held at **Lakshmipat Singhania Auditorium**, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 on Friday, 6th July, 2012 at 9:30 A.M. to transact the following business(s):

Ordinary Business

1. Adoption of Accounts

To receive, consider and adopt the audited Balance Sheet as at 31st March 2012 and the Profit and Loss Account for the financial year ended on that date together with the Directors' Report and Auditors' Report thereon.

2. Declaration of Dividend

To consider and if thought fit, to pass with or without modification(s), the following resolution for dividend for the Financial Year 2011-12 as Ordinary Resolution:

"Resolved that pursuant to provision of Section 205 and other applicable provisions of the Companies Act, 1956 dividend at the rate of 50% be and is hereby declared for the Financial Year 2011-12, out of the profits of the Company on the 6844600 equity shares of Rs. 10/- each fully paid up to be paid as per the ownership as on 29th June, 2012."

3. Reappointment of Retiring Director

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

"Resolved that Shri Chhotu Ram sharma who retires by rotation, and being eligible, offers himself for re-appointment be and is hereby re-appointed as Director".

4. Appointment of Auditors

To consider and if thought fit, to pass with or without modification(s), the following resolution for the appointment and fixation of the remuneration for the Statutory Auditors for the Financial Year 2012-13 as Ordinary Resolution:

"Resolved that pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s S.R. Dinodia & Co., the Chartered Accountants, be and is hereby re-appointed as the Statutory Auditors of the Company for the Financial Year 2012-13 to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors or the Audit Committee of the Company."

Special Business

5 Appointment of relative of a Director to an office of profit.

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

"Resolved that pursuant to the provisions of Section 314(1)(b) of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Anish Aggarwal, a relative (Son) of Shri Anil Aggarwal, the Managing Director of the Company, to hold the office or place of profit as (Executive Design) w.e.f. 1st January, 2012 and proposed to be appointed as Manager (Engineering) with effect from 1st Day of June, 2012 on such terms & conditions as set out in the explanatory statement attached to the Notice convening this Annual General Meeting."

For Sterling Tools Limited

Date: 15th May, 2012

Place: Faridabad

(Vaishali Singh)
Company Secretary

Registered Office:

243, Okhla Industrial Area, Phase-III
New Delhi-110020

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. In terms of Article 89 of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Shri Chhotu Ram Sharma, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors of the Company commends his respective re-appointment. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges of person seeking re-appointment as director under Item No. 3 are annexed herewith.
3. An explanatory statement pursuant to Section 173(2) of Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed herewith.
4. Members who hold shares in dematerialized form are requested to bring their DP ID and Client ID numbers for easy identification of attendance at the meeting.
5. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days between 10 A.M. to 2 P.M. and upto the date of the Meeting.
6. The Register of Members and Share Transfer Books of the Company will be closed from **Saturday, 30th June, 2012** to **Friday, 6th July, 2012** (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.
7. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid at par after **6th July, 2012** to (i) those shareholders whose names appear on the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the company on or before **29th June, 2012** (ii) in respect of shares held in electronic form to those beneficiaries whose names appear in the statements of beneficial ownership by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of business hours on 29th June, 2012.
8. For the convenience of the Members, attendance slip is enclosed elsewhere in the Annual Report. Members/Proxy Holders/Authorized Representatives are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue of the AGM. Proxy/Authorized Representatives of a member should state on the attendance slip as 'Proxy or Authorized Representative' as the case may be.
9. The Directors' Report, Auditors' Report and Audited Balance Sheet as at 31st March 2012 and the Profit and Loss Account for the financial year ended on that date are enclosed.
10. The Company has designated an exclusive e-mail ID called **vaishalis@stlfasteners.com** for redressal of shareholders' / investors' complaints / grievances. In case you have any queries / complaints or grievances, then please write to us at the above e-mail address.
11. Members holding shares in electronic form may please note that the bank account details and 9 digit MICR code of their Bankers, as noted in the records of their depository, shall be used for the purpose of remittance of dividend through Electronic Clearing Service (ECS), or for printing on dividend warrants wherever applicable. Members are therefore requested to update their bank account particulars, change of address and other details with their respective Depository Participants for shares held in demat mode and to the Registrar and Share Transfer Agent for shares held in physical form.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company.
13. Pursuant to the provisions of Section 205A (5) and 205 (c) of the Companies Act, 1956, followed by the issue of Investor Education & Protection Fund (Awareness and Protection of the Investors) Rules, any dividend transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to a fund called the Investor Education and Protection Fund (the fund) set up by the Central Government.

Accordingly, unpaid / unclaimed dividend for the Financial Year 2004-2005 shall become transferable to the fund on 28th September, 2012, followed by the transfers of the amounts of unpaid / unclaimed dividends for the subsequent years. No claim shall lie thereafter against the fund or the company in respect of such amounts transferred. Shareholders are therefore requested to verify their records and send claims, if any, for the relevant years from 2004-2005 onwards, before the respective amounts become due for transfer to the fund. The following are the details of the dividends declared by the Company and respective due dates for claiming by the shareholders:

Dividend Year	Date of declaration of dividend	Last Date for claim
2004-2005	29/09/2005	28/09/2012
2005-2006	12/09/2006	11/09/2013
2006-2007	19/03/2007	18/03/2014
2007-2008	07/08/2008	06/08/2015
2008-2009	01/09/2009	31/08/2016
2009-2010 -Interim	18/02/2010	17/02/2017
2009-2010	30/08/2010	29/08/2017
2010-2011	06/07/2011	05/07/2018

Those members who have not so far claimed their dividend for the financial year 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010-Interim, 2009-2010, and 2010-11 are requested to make their claims to the Company for obtaining duplicate dividend warrants.

14. In terms of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail of the nomination facility by filing Form No. 2BV in their own interest. Bank form can be had from MAS Services Limited on request. Members holding shares in dematerialized form may contact their respective DP's for registration of nomination.
15. Members holding physical shares in multiple folios in identical name are requested to send their share certificates to Company's Registrar and Share Transfer Agent, M/s MAS Services Limited for consolidation.
16. The Copies of the Annual Reports will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
17. In case of any query, Members are requested to send the same to the Company Secretary atleast 10 days before the date of the meeting so that information can be made available at the meeting.

18. Members are requested to note that no **GIFT** will be distributed at the meeting.
19. The entire Annual Report is also available at the Company's Website www.stlfasteners.com.
20. **As per Circular no. 18/2011 on Green initiative, the Company will send Annual Report along with other documents through emails to all members, who have registered their email address with the depository and physical hard copies will be dispatched to others. In case any member desire to get hard copy of Annual Report, they can write to Company at registered office address or email at vaishalis@stlfasteners.com.**

**By order of the Board
For Sterling Tools Limited**

Date: 15th May, 2012

Place: Faridabad

**(Vaishali Singh)
Company Secretary**

Registered Office:

243, Okhla Industrial Area, Phase-III
New Delhi-110020

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory statement sets out all material facts relating to the Special Business as mentioned in the accompanying Notice:

Item No. 5

The Board of Directors of the Company vide their meeting held on 24th January, 2012 approved the appointment, subject to the approval of shareholders in General Meeting, of Mr. Anish Aggarwal, son of Shri Anil Aggarwal, the Managing Director of the Company as Executive (Design) w.e.f. 01st January, 2012 on following terms & conditions:

Basic Salary	: Rs. 14113/- P.M.
HRA	: Rs. 4234/- P.M.
Special Allowance	: Rs. 4234/- P.M.
Perquisites & Allowances	: All other Perquisites and Allowances in form of Medical Reimbursement, Leave Travel Concession and Annual Bonus as per his Grade and as per the policy applicable in the Company
Probation Perquisites	: 3 months from the date of his appointment i.e. w.e.f 01 st January, 2012

Mr. Anish Aggarwal has done his Manufacturing and Mechanical Engineering from University of Warwick, United Kingdom (U.K.) (September 2007 to June 2011).

In recognition of his excellent performance during his probation period of three months from 1st January, 2012 to 31st March, 2012, the Board of Directors vide their meeting held on 15th May, 2012 recommended Mr. Anish Aggarwal's appointment as Manager (Engineering) from 01st June, 2012 on following terms & conditions:

Basic Salary	: Rs. 32585/- P.M.
HRA	: Rs. 13034/- P.M.
Special Allowance	: Rs. 9775/- P.M.
Perquisites & Allowances	: All other Perquisites and Allowances in form of Medical Reimbursement, Leave Travel Concession and Annual Bonus as per his Grade and as per the policy applicable in the Company

Present Ceiling	:	The remuneration payable to Mr. Anish Aggarwal in form of Salary, Perquisites and allowances shall not exceed Rs. 75000/- P.M. (Rs. 9 Lacs per annum in Financial year 2012-2013.
Annual Increment	:	Mr. Anish Aggarwal shall be entitled to get an Annual increment of 15% P.A on cumulative basis, accordingly the present ceiling of Rs. 75000/- shall keep on increasing by the amount of increment in subsequent years of his continuance in the present job.

Hence the above said Resolution.

Except Shri M L Aggarwal, Shri Anil Aggarwal and Shri Atul Aggarwal, none of the other Directors of the Company is, in any way concerned or interested in the Resolution.

The proposal as set out at Item No. 5 of the notice is placed for consideration and approval.

Pursuant to the requirements of Corporate Governance, a Brief Resume and other information in respect of the Directors seeking re-appointment at the Annual General Meeting is given below:

Mr. C. R. Sharma

Mr. C. R. Sharma aged about 70 years, a graduate, a banker by profession has an experience of more than 45 years in the Banking Industry. He started his career with Citi Bank in 1964 and joined Oriental Bank of Commerce in 1978 and worked there in various capacities before joining Andhra Bank in 2000 as Executive Director. He has also worked with Bank of Punjab Limited between 2002 to 2005 as Managing Director and Chief Executive Officer. After the merger of Bank of Punjab Limited with Centurion Bank, he is acting as Senior Advisor, Centurion Bank of Punjab Limited since 1st October 2005. He was member of managing committee of Indian Bank's Association during June, 2002 to May, 2004 representing private sector banks.

Mr. C. R. Sharma possesses a wide ranging experience and knowledge of corporate banking and finance having been associated with reputed Banks for past over 45 years.

He is member of the Audit Committee & Remuneration Committee of the Company.

Details of other Directorships/Committee Memberships held by him

Directorship	Committee Membership
PNC Infratech Limited	Audit Committee Investors' Grievances Committee Share Transfer Committee
Ka-Sh Advisory Services Private Limited	
Daawat Foods Limited	
JHS Svendgaard Laboratories Limited	

**By order of the Board
For Sterling Tools Limited**

Date: 15th May, 2012

Place: Faridabad

**(Vaishali Singh)
Company Secretary**

Registered Office:

243, Okhla Industrial Area, Phase-III
New Delhi-110020

Directors' Report

Dear Members,

It is indeed my privilege to present, on behalf of Board of Directors of your Company, the 33rd Annual Report and Audited Financial Statements for the Year ended 31st March 2012 together with the Auditors' Report.

Financial Results

The Company's performance for the Financial Year 2011-2012 vis-à-vis 2010-2011 is summarized as under:

(Rs. in Lacs)

Particulars	Financial Year	
	2011-2012	2010-2011
Revenue from Operations (Net)	29245.77	24812.71
Profit before interest, depreciation and tax	3766.41	3624.80
Interest	939.72	616.90
Depreciation	795.12	642.66
Profit Before Tax (PBT)	2031.57	2365.24
Provision for Tax	555.56	779.78
Profit After Tax (PAT)	1476.01	1585.46
Appropriations:		
Proposed Dividend	342.23	342.23
Tax on Proposed Dividend	55.52	55.52
Transfer to General Reserve	150.00	160.00
Balance Carried to Balance Sheet	5539.45	4611.18

Review of Operations

The Company recorded the total Gross Revenue from Operations amounting to Rs. 32135.93 Lacs as compared to Rs. 27266.94 Lacs in previous year giving a growth of 18% approx. The Profit after tax is lower by 6.90% at Rs. 1476.01 Lacs as compared to Rs. 1585.46 Lacs in Previous year.

The significant reasons for decreased profitability are as follows:

- Increased Raw Material cost because of increase in steel prices during the year and also due to volatility in foreign exchange rates.
- Packing and Freight cost increased due to inflation and increase in export sales.
- Cost of consumables and tools increased due to inflation and one time purchase of tools for new machines.
- Financial cost – Financial cost increased due to increased interest rate and increased working capital requirements.

Dividend

Your Directors are pleased to recommend for your consideration and approval dividend at 50% for the year ended 31st March, 2012 (Rs. 5/- per equity share) on the paid up equity share capital as compared to 50% for the year ended 31st March 2011 (Rs. 5/- per Equity Share. The dividend if approved at ensuing Annual General Meeting will absorb Rs. 397.75 Lacs Including Corporate Dividend Tax amounting to Rs. 55.52. The dividend will be paid to members whose names appear in the register of members as on a record date.

Transfer to General Reserve

Out of the profits of the Company, a sum of Rs. 150 Lacs has been transferred to General Reserves during the year and total Reserves and surplus of the Company are Rs. 7521.27 Lacs as on 31st March, 2012.

Deposits

The Company has not accepted any deposits during the year which come under the purview of Section 58A of the Companies Act, 1956 and as such no amount on account of principal or interest was outstanding as on the date of Balance Sheet.

Shifting of Registered Office

The Registered Office of your Company has been shifted from A-40, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi-110044 to 243, Okhla Industrial Estate, Phase-III, New Delhi-110020 with effect from 1st April, 2012.

Capital Structure and Listing

As on 31st March, 2012, the Company has Authorised Share Capital of Rs.10,00,00,000/-and Paid Up Share Capital of Rs. 6,84,46,000/-. The equity shares of the Company are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. There are no arrears on account of payment of listing fees to the said Stock Exchanges.

The Promoters and Persons acting in concert with them hold 69.56% share Capital of the Company as on 31st March, 2012 as against 69.19% as on 31st March, 2011.

Investments made in Joint Venture Company

During the Year under review, Your Company has further invested Rs. 2,00,00,000/-(divided into 2,50,000 Equity shares @ Rs. 10/- per share issued at a premium of Rs. 70/- per share) in Equity share Capital of Sterling Fabory India Private Limited, a Joint venture Company.

The Joint Venture Company made Sales of Rs. 237.90 Lacs during the Financial Year 2011-2012.

Particulars of Employees

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.