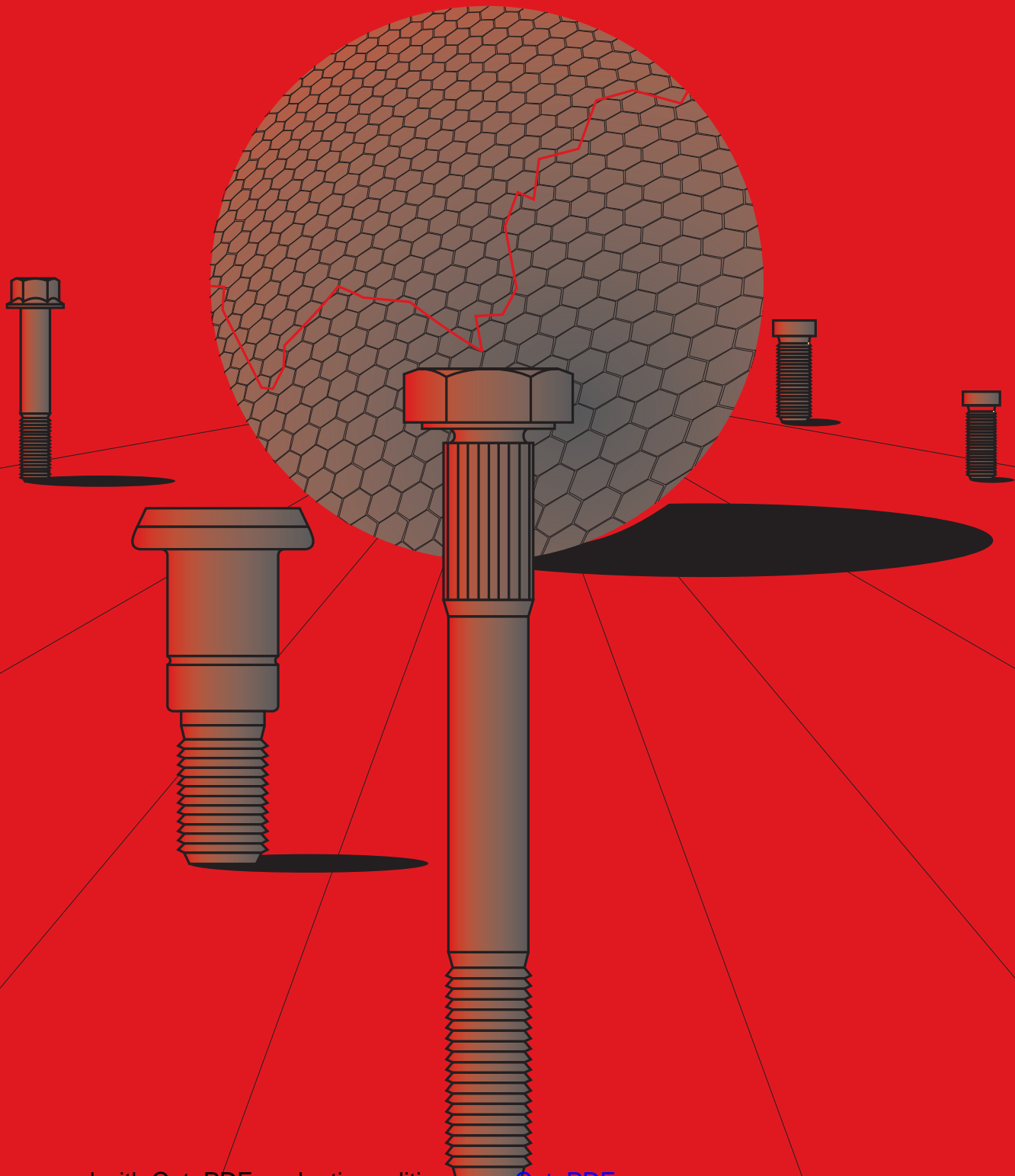


**STERLING TOOLS LIMITED**



**ANNUAL REPORT 2012 - 2013**



**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  
State Bank of India  
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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# Notice for the Annual General Meeting

Notice is hereby given that Thirty Fourth 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 Monday, 8th July, 2013 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 2013 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 confirm the Interim Dividend already declared @ 50% for the Financial Year 2012-2013 as Final Dividend for the said Financial Year.

### **3. Reappointment of Retiring Director**

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

"Resolved that Shri K.R. Gupta 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 2013-2014 as an 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 2013-2014 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."

**For Sterling Tools Limited**

**Date: 13th May, 2013**

**Place: Faridabad**

**Registered Office:**

243, Okhla Industrial Area, Phase-III

New Delhi-110020

**(Vaishali Singh)**

**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.**
- In terms of Article 89 of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Shri K.R. Gupta, Director, retire 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. 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.
4. 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.
5. The Register of Members and Share Transfer Books of the Company will be closed from **Wednesday, 3rd July, 2013 to Monday, 8th July, 2013** (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.
6. 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.
7. The Directors' Report, Auditors' Report and Audited Balance Sheet as at 31st March 2013 and the Profit and Loss Account for the financial year ended on that date are enclosed.
8. 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.
9. 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.
10. 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.
11. 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 2005-2006 shall become transferable to the fund on 11th September, 2013, 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 2005-2006 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:

<b>Dividend Year</b>	<b>Date of declaration of dividend</b>	<b>Last Date for claim</b>
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
2011-2012	06/07/2012	05/07/2019
2012-2013 - Interim	18/02/2013	17/02/2020

Those members who have not so far claimed their dividend for the financial year 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010-Interim, 2009-2010, 2010-2011, 2011-2012 and 2012-2013-Interim are requested to make their claims to the Company for obtaining duplicate dividend warrants.

12. 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.
13. 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.
14. 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.
15. 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.
16. Members are requested to note that no **GIFT** will be distributed at the meeting.
17. The entire Annual Report is also available at the Company's Website [www.stlfasteners.com](http://www.stlfasteners.com).
18. **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 desires to get hard copy of Annual Report, they can write to Company at registered office address or email at [vaishalis@stlfasteners.com](mailto:vaishalis@stlfasteners.com).**

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

**Date: 13th May, 2013**

**Place: Faridabad**

**(Vaishali Singh)  
Company Secretary**

**Registered Office:**

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

***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. K. R. Gupta**

**DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT ANNUAL GENERAL MEETING**

(In Pursuance of Clause 49 of Listing Agreement)

<b>Name</b>	<b>Mr. K.R. Gupta</b>
<b>Date of Birth</b>	05/05/1934
<b>Qualification</b>	M. Com.
<b>Experience / Expertise</b>	A tax consultant and has experience of more than 50 years in taxation & financial matters. He joined Indian Revenue Service in 1957 and worked in various capacities in Income tax Department before he retired as Member Central Board of Direct Taxes, New Delhi in 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. Being an expert Tax Consultant, his inclusion in the Board of the Company shall prove to be very beneficial.
<b>Directorships held in other Companies</b>	APM Industries Limited ClearSharp Technology Private Limited
<b>Memberships / Chairmanships of committees of other Public Companies</b>	APM Industries Limited Audit Committee – Chairman Investors Grievances Committee – Chairman

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

**(Vaishali Singh)  
Company Secretary**

**Date: 13th May, 2013**

**Place: Faridabad**

**Registered Office:**

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

# Directors' Report

Dear Members,

Your Directors are pleased to present the 34th Annual Report on the business and operations of your Company and Audited Accounts for the financial year ended March 31, 2013.

## Financial Results

The Company's performance for the Financial Year 2012-2013 vis-à-vis 2011-2012 is summarized as under:

(Rs. in Lacs)

Particulars	Financial Year	
	2012-2013	2011-2012
Revenue from Operations (Net)	28250.59	29503.74
Profit before interest, depreciation and tax	3630.94	3766.41
Interest	960.57	939.71
Depreciation	940.76	795.11
Profit Before Tax (PBT)	1729.61	2031.57
Provision for Tax	642.09	555.56
Profit After Tax (PAT)	1087.52	1476.01
<b>Appropriations:</b>		
Interim Dividend	342.23	-
Proposed Dividend	-	342.23
Tax on Interim Dividend	55.52	-
Tax on Proposed Dividend	-	55.52
Transfer to General Reserve	110.00	150.00
Balance Carried to Balance Sheet	6117.68	5539.45

## Review of Operations

During the Financial Year there has been a slight fall in Revenue from Operations as well as profit after tax.

The significant reasons for decreased profitability are as follows:

- Increased cost of power because of increase in power tariff & cost of diesel.
- Packing and Freight cost increased due to inflation.
- Fixed cost like salaries and wages increased even though revenue from operations has slightly reduced.
- Increased Depreciation & amortization even though the level of operation has reduced.

## Dividend

Keeping in view Sterling' tradition of high regard for its shareholders, the Directors had, in their meeting held on 18th February, 2013, recommended 50% interim dividend for financial year 2012-2013 against the same rate of dividend i.e. 50% in previous financial year. This interim dividend has already been paid and taking note of this payout, the Directors have not recommended any final dividend for financial year 2012-2013 and the interim dividend already declared and paid be considered as final dividend for the financial year 2012-2013.

## Transfer to General Reserve

Out of the profits of the Company, a sum of Rs. 110 Lacs has been transferred to General Reserve during the year and total Reserves and surplus of the Company are Rs. 8211.05 Lacs as on 31st March, 2013.

## 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.

## Depository System

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2013, 98.98% of the Company's total paid-up Capital representing 6774761 shares are in dematerialized form. In view of numerous advantages offered by the Depository System, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the Depositories.

## Capital Structure and Listing

As on 31st March, 2013, 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 69.96% share Capital of the Company as on 31st March, 2013 as against 69.56% as on 31st March, 2012.

## Financial Performance of Joint Venture Company

Your Company has invested Rs. 3,75,00,000/-(Rupees Three Crores Seventy Five Lacs only) in Equity share Capital of Sterling Fabory India Private Limited, a Joint venture Company till 31st March 2013.

The Joint Venture Company made Sales of Rs. 368.68 Lacs during the Financial Year 2012-2013.

## 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.

## Capital Expenditure

As on March 31, 2013, the Gross Fixed Assets stood at Rs. 17047.80 Lacs and Net Fixed Assets stood at Rs. 10678.77 Lacs. Additions during the year amounted to Rs. 1548.88 Lacs.

## 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.

## Corporate Governance

Your Company has complied with the mandatory provisions of Clause 49 of the Listing Agreement, relating to Corporate Governance. Your Company believes that sound Corporate practices based on openness, credibility and accountability are essential for its long term success. These practices will ensure the Company, having regard to competitive exigencies, conduct its affairs in such a way that would build the confidence of its various stakeholders in it, and its Board's integrity.

A detailed report on Corporate Governance pursuant to the provisions of Clause 49 of Listing Agreement supported by a Certificate given by the Statutory Auditors of the Company confirming compliance of conditions, form part of this Annual Report as **ANNEXURE-III**.

Your Company has made all the information, required by Investors, available on the Company's Corporate Website **www.stlfasteners.com**.

## Management discussion & Analysis

Management Discussion and Analysis Report covering issues relating to Industry structure, Opportunities, Challenges, Outlook and Performance etc. has been given separately and form part of this Annual Report as **ANNEXURE-IV**.

## Director's Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies (Amendment) Act, 2000, with respect to Director's Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the accounts for the Financial Year ended 31st March, 2013, the applicable accounting standards have been followed and there are no material departures;
- (ii) the Directors have selected accounting policies in consultation with Statutory Auditors 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 and of the profit of the Company for the financial year under review;
- (iii) the directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. The directors have confirmed that there are adequate control & systems for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the accounts for the Financial Year ended 31st March, 2013 on a 'going concern' basis.

## Human Resources Development

Your Company recognizes that the ability to attract and retain the best talent is vital for the long term competitive advantage of the business. A set of initiatives are planned to widen the base of potential young recruits in your Company. Focused programs were launched to groom executive talent for leadership positions. During the year, your Company carried out workshops to provide inputs to senior leaders on how to appraise, coach and mentor their subordinates. Your Company has appointed a well renowned agency named "Human Dynamics" for the overall development of its Senior Management Personnel within the Company.

Various other initiatives have been planned for career planning, employee engagement and competency building.

## Corporate Social responsibility

In Corporate Social Responsibility, the Company has taken up the responsibility for the education of 10 orphan children of SOS Children's Village.

## Industrial Relations

During the year under review, harmonious industrial relations were maintained in your Company.

## Statutory Disclosures

Your Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement.

## Material Changes and Commitments

There are no material changes and commitments, affecting the financial position of the Company that have occurred between the end of the financial year of the Company and the date of signing of this report.

## Directors

In terms of Article 89 of the Articles of Association and Sections 255 & 256 of the Companies Act, 1956, Shri K.R. Gupta retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

## Statutory Auditors

### I) Appointment

M/s. S. R. Dinodia & Co., the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. M/s S. R. Dinodia & Co., have, under Section 224(1) of Companies Act, 1956, furnished the certificate of their eligibility for reappointment. As recommended by the Audit Committee, your Directors propose that they may 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.

### II) Report

The Auditors' Report and Notes on Accounts for the financial year 2012-2013 are self explanatory and therefore do not call for any further comments.

## Internal Control System

Your Company has instituted internal control systems which are adequate for the nature of its business and the size of its operations. In the beginning of the year, the scope of audit exercise and the key business processes and selected risk areas to be audited are decided in consultation with the Audit Committee. The Internal Audit is carried out by a firm of external Chartered accountants and covers all departments. All significant audit observations and follow up actions thereon are reported to the Audit Committee.

## Safety, Health and Environment (SHE) Measures

Protection of environment is the prime concern of your company. Your company complies with the relevant laws and regulations as well as take any additional measures considered necessary to Prevent pollution, maximize recycle, reduce waste, discharges and emissions. Company Conserve natural resources by their responsible and efficient use in all the operations and plant trees

