

STERLING TOOLS LIMITED



ANNUAL REPORT 2015 - 2016



**Registered Office:**

K-40, Connaught Circus  
New Delhi - 110001

**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, Ballabgarh  
Faridabad (Haryana)

**Board of Directors**

**Shri M.L. Aggarwal**  
*Chairman*

**Shri Anil Aggarwal**  
*Managing Director*

**Shri Atul Aggarwal**  
*Whole Time Director &  
Chief Financial Officer*

**Dr. T.N. Kapoor**  
*Director*

**Shri C.R. Sharma**  
*Director*

**Ms. Malini Sud**  
*Director*

**Compliance Officer**

**Ms. Vaishali Singh**  
*Company Secretary*

**Auditors****Statutory Auditors**

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

**Internal Auditors**

Grant Thornton India LLP  
L-41, Connaught Circus  
New Delhi - 110001 (India)

**Registrar & Transfer Agent**

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

**Bankers**

Oriental Bank of Commerce  
State Bank of India  
HDFC Bank Limited

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# Board's Report

Dear Members,

Your Directors are pleased to present the 37th Annual Report on the business and operations of your Company and Audited Financial Statements for the financial year ended March 31, 2016.

## Financial Results

The Company's performance for the Financial Year 2015-2016 vis-à-vis 2014-2015 is summarized as under:

(Amount in Lacs)

Particulars	Standalone		Consolidated*
	2015-2016	2014-2015	2015-2016
Revenue from Operations (Net)	36937.47	34005.72	37224.75
Profit before interest, depreciation and tax	6248.50	4732.51	6208.42
Interest	561.76	655.44	561.76
Depreciation	1340.58	1203.13	1346.82
Profit Before Tax (PBT)	4346.16	2873.94	4299.84
Provision for Tax	1504.63	751.78	1495.37
Profit After Tax (PAT)	2841.53	2122.16	2804.47
<b>Appropriations:</b>			
Interim Dividend	1026.69	342.23	1026.69
Proposed Dividend			
Tax on Interim Dividend	209.01	58.16	209.01
Tax on Proposed Dividend			
Transfer to General Reserve	284.00	212.00	284.00
Balance Carried to Balance Sheet	9909.51	8587.68	9483.21

\*Consolidated Financial Statements are applicable on Company effective from Financial Year 2015-2016.

## Company's performance

The Company performed very well and demonstrated good performance during the Financial Year 2015-2016.

The highlights of the Company's performance during the Financial Year 2015-16 are as under:

- Revenue from operations increased by 8.62% to Rs. 36937.47 Lacs.
- Exports decreased by 8.16% to Rs. 3334.73 Lacs.
- PBDIT increased by 32.03% at Rs. 6248.50 Lacs.
- Profit before Tax increased by 51.23% at Rs. 4346.16 Lacs.
- Net Profit increased by 33.90% to Rs. 2841.53 Lacs.

## Dividend

Considering the good financial performance of the Company, the Directors had, in their meetings held on 4th August, 2015, 8th February, 2016 and 14th March, 2016 recommended 50% dividend each time, thus aggregating to 150% interim dividend for financial year 2015-2016 against 50% dividend 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 2015-2016 and the interim dividends already declared and paid be considered as final dividend for the financial year 2015-2016.

The total outflows on account of said Interim Dividends (including Dividend Distribution Tax, Surcharge and Education Cess) amount to Rs. 1235.70 Lacs.

## Transfer to General Reserve

The Company proposes to transfer Rs. 284.00 Lacs to General Reserves out of the amount available for appropriation.

## Deposits

The Company has not accepted any deposits during the year which come under the purview of Section 73 of the Companies Act, 2013 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, 2016, 99.06% of the Company's total paid-up Capital representing 6780371 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, 2016, 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 70.15% share Capital of the Company as on 31st March, 2016 as against 70.15% as on 31st March, 2015.

## Performance of Joint Venture Company

As on date, the Company has one Joint Venture Company named Sterling Fabory India Pvt. Ltd.- a Joint Venture on 50:50 basis with a Netherland based Company named Fabory Masters in Fasteners Group B.V.. There has been no change in the nature of business carried out by said Joint Venture Company during Financial Year 2015-2016.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a Statement containing the salient features of financial statements of Joint Venture Company named Sterling Fabory India Pvt. Ltd. by way of **Form AOC-1** is attached to the Accounts.

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company, [www.stlfasteners.com/new/news.asp](http://www.stlfasteners.com/new/news.asp).

## **Number of meetings of the Board and attendance of the Directors**

5 (Five) board meetings were conducted during the year in respect of which proper notices were given and the proceedings were properly recorded. For details of the meetings of the Board and attendance of the Directors, please refer **Page No. 37** of Corporate Governance Report attached to this Annual Report.

## **Extract of Annual Return**

As provided under section 134(3)(a) and Section 92(3) of the Companies Act, 2013, the extract of Annual Return in the prescribed form MGT-9 has been given by an **Annexure–II** attached to this Report.

## **Directors and Key Managerial Personnel**

Pursuant to the provisions of Section 149 of the Act, Sh. C.R. Sharma, Dr. T.N. Kapoor and Ms. Malini Sud have been appointed as Independent Directors. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year.

Mr. Atul Aggarwal retires by rotation and being eligible offers himself for re-appointment.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are Mr. Anil Aggarwal, Managing Director, Mr. Atul Aggarwal, Whole time Director and Chief Financial Officer of the company and Vaishali Singh, the Company Secretary. There has been no change in the key managerial personnel during the year.

## **Policy on Directors' appointment and remuneration and other details**

The Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided in Section 178(3) and Section 134(3) (e) of the Act has been disclosed in an **Annexure–III** attached to this Report.

## **Policy on Board Diversity**

In accordance with the clause 49(IV) of the Listing Agreement readwith the SEBI (Listing Obligations & Disclosure Requirement) Regulation, 2015, the Nomination and Remuneration Committee (NRC) has framed and adopted a formal policy on Board diversity which sets out a framework to promote diversity on Company's Board of Directors. The Company recognizes the importance and benefits of having the diverse Board to enhance quality of its performance. The policy inter-alia specifies optimum combination of Executive Directors, Non Executive Directors and Independent Directors, the recommendatory requirement for each of the Directors to possess functional diversity and role of NRC to ensure that the same policy is considered while recommending the appointment of new Directors on the Board of company.

## Particulars of Loans, Guarantees or Investments under section 186

The Company has not provided any loans or Guarantees under Section 186 during the year. It has invested Rs.5,88,25,000/-(Rupees Five Crores Eighty Eight Lacs Twenty Five Thousand only) in Equity share Capital of Sterling Fabory India Private Limited, a Joint venture Company till 31st March 2016.

## Transactions with Related Parties

Information on transactions with Related Parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure-IV** in **Form AOC-2** and the same forms part of this report.

## Audit Committee, Meetings of the Committee & Attendance of Members:

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations, 2015. Members of the Audit Committee possess financial / accounting expertise / exposure. The purpose of this Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosures process, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

At present, the Audit Committee comprises of following Directors as members having wide experience and knowledge of Corporate Affairs, Income Tax & Finance.

- |                      |                                                |
|----------------------|------------------------------------------------|
| • Shri. C. R. Sharma | – Chairman(Non Executive Independent Director) |
| • Dr. T. N. Kapoor   | – Member(Non Executive Independent Director)   |
| • Ms. Malini Sud     | – Member(Non Executive Independent Director)   |
| • Shri Anil Aggarwal | – Member(Managing Director)                    |

All the recommendations made by the Audit committee during the year had been accepted by the Board.

Four meetings were conducted during the year in respect of which proper notices were given and the proceedings were properly recorded. For details of the meetings of the Audit Committee and attendance of the Members, please refer Page No. 40 of Corporate Governance Report attached to this Annual Report.

## Board Evaluation

The Board of Directors and Nomination and Remuneration Committee reviewed the performance of the Board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning etc.

The performance of the Committees was evaluated by the board after seeking inputs from the Committee members on the basis of the criteria such as composition of committees, effectiveness of committee meetings etc.

The Board of Directors and Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of the criteria such as contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc.

In addition to above said, Chairman of the Company was also evaluated on the key aspects of his role.



In a separate meeting of independent directors held on 29th December, 2015, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive and Non-executive directors.

## **Material changes and commitments**

In terms of Section 134(3)(l) of the Companies Act, 2013, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

## **Credit Rating**

The Company continues to enjoy the domestic credit rating of (A) from ICRA which reflects the Company's financial discipline and prudence.

## **Corporate Social Responsibility**

Composition of the Corporate Social Responsibility Committee has been disclosed in the Corporate Governance Report, attached to this report. The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure-V** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy on CSR is available on the website of the Company ([www.stfasteners.com/new/news.asp](http://www.stfasteners.com/new/news.asp)).

## **Particulars of Employees**

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been given by way of **Annexure-VI** to this Report.

## **Capital Expenditure**

As on March 31, 2016, the Gross Fixed Assets (including Capital WIP) stood at Rs. 22631.43 Lacs and Net Fixed Assets stood at Rs. 13936.57 Lacs. Additions during the year amounted to Rs. 3748.48 Lacs.

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

Information pursuant to the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy, technology absorption & foreign exchange earnings and outgo are given by way of **Annexure-VII** to this Report.

## **Transfer of amounts to Investor Education and Protection Fund**

Pursuant to the provisions of Section 125 of the Companies Act, 2013, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 29th September, 2015 (date of last Annual General Meeting) on the Ministry of Corporate Affairs' website.

## Corporate Governance and Management Discussion & Analysis Report

A separate section on corporate governance practices followed by the Company, together with a certificate from the auditors confirming its compliance, forms a part of this Annual Report, as per SEBI Regulations. Further, as per Regulation 34 read with Schedule V of the Listing Regulations, a Management Discussion and Analysis report is annexed to this report.

### Director's Responsibility Statement

Pursuant to the requirement under section 134(3) (c) of the Companies Act, 2013 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, 2016, 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, 2013. 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, 2016 on a 'going concern' basis.
- (v) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- (vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### 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 Companies Act, 2013 and under SEBI Listing Regulations.

### Statutory Auditors

#### I) Appointment

M/s. S. R. Dinodia & Co. LLP, 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. LLP, have, under Section 141(3) (g) of Companies Act, 2013, 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 for a period of 1 year from the conclusion of this Annual General Meeting until the conclusion of the 38th Annual General Meeting of the Company.