

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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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

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.**
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.

Corporate Governance

The Company is committed to maintain the highest standards of corporate governance. The directors adhere to the requirements set out by the Securities and Exchange Board of India' Corporate Governance Practices and have implemented all the stipulations prescribed.

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, 2012, 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, 2012 on a 'going concern' basis.

Human Resources Development

You are aware that your Company has vast pool of skilled and talented professional-the most valuable asset for the company. We have created an enabling work environment that encourages originality and innovative thinking. The core Policy of your Company is to attract and retain high calibre employees while engaging and nurturing them to achieve leadership in our area of operations.

Your company continued to develop and extend policies and procedures that nurture the potential and talent of all our employees to optimize the benefits from this significant investment.

Performance Management System, Performance Linked Bonuses/Incentives, Resource Planning, Training and Development, Career Progression etc. Are some of the policies and procedures that have matured over time.

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.



Awards & Recognition

During the last Financial Year, your company had got following awards:

- a. GREEN VENDOR from Hero Honda
- b. HR LEADERSHIP AWARD 2012 from Knowledge Resource Development and Welfare Group, IIT Delhi.

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 were 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 Chhotu Ram Sharma retires by rotation in the forthcoming Annual General Meeting and being eligible offer 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 2011-2012 are self explanatory and therefore do not call for any further comments.

Internal Control System

The operations of your Company have been structured to provide adequate support and controls. Standard procedures and guidelines issued to the operational departments from time to time to support best practices are followed in all areas of operations.

M/s JRA & Associates, the Chartered Accountants based at New Delhi are working as Internal Auditors of the Company.

The Detailed Report of Internal Audit is presented to Management and an Executive summary containing significant issues of repetitive nature, affecting the Company substantially in financial terms, Non compliances with any Statutory laws are presented to Audit Committee on quarterly basis for necessary directions thereon.

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 our operations and plant trees

Quality Management System

Sterling Tools Limited has three units- Wire drawing unit which supplies Raw Material is certified for ISO -9001:2008.

Manufacturing units at Faridabad and Prithla are certified for TS -16949:2009. Our Plant at Prithla is certified for AS 9100 B.

Laboratory at Faridabad is NABL accredited and aligned to ISO -17025:2005. Faridabad plant is certified under Environment Management systems ISO -14001:2004.

Subsidiaries

Your Company does not have any subsidiary Company.

Cash Flow Analysis

In compliance with the provisions of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended 31-03-2012 is annexed hereto.

Acknowledgements

Your Directors wish to place on record their appreciation to all the stakeholders of the Company for reposing their faith, trust, confidence in the Company. Your Directors would like to place on record their deep and sincere appreciation for the hard work, dedication and unstinting efforts of your Company's employees to ensure that your Company reaches the pinnacle of success.

Your Directors express their thanks to all the shareholders, vendors, bankers, consultants, customers and governmental & statutory authorities for their sustained support.

for and on behalf of the Board

Date: 15th May, 2012

Place: Faridabad

M. L. Aggarwal
Chairman

Annexure – I to Directors' Report

Information as per Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2012.

Name of the Employee	Designation and nature of duties	Remuneration (Rs)	Qualifications	Age In years	Experience In years	% of Share holding	Date of commencement of employment	Last employment held and designation
1. Mr. M. L. Aggarwal	Chairman	8,217,700	B. Sc.	82	58	11.10	07.06.1979	NONE
2. Mr. Anil Aggarwal	Managing Director	7,666,003	B. Com.	54	33	22.65	07.06.1979	NONE
3. Mr. Atul Aggarwal	Whole Time Director (Finance & Marketing)	7,434,869	MBA	48	23	25.11	01.07.1989	NONE

Note:

1. *Remuneration means gross remuneration calculated in accordance with provisions of Section 198 of the Companies Act, 1956.*
2. *The nature of employment in all cases is contractual.*
3. *The above employees are directors in whole time employment with the Company and are related to each other.*
4. *There is no other employee employed during the year drawing remuneration of more than Rs. 5,00,000 p.m.*

Annexure - II to Director's Report

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 217 (1) (e) of the Companies Act, 1956 and Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy

- 1) Measures taken :
 - a) The energy consumption is reduced in the compressor by introducing drive
 - b) Similar drives introduced in the forging machines.
 - c) Diesel used in the Hot water generator changed to eco friendly Natural Gas
 - d) Inefficient chillers' replaced with efficient chiller.
- 2) Additional investment proposals, if any, for reduction of consumption per unit production : Projects have been identified to reduce the energy consumption in the furnaces, chillers and in compressors
- 3) Impact of (1) & (2) : Optimum use of energy
- 4) Total energy consumption and energy consumption per unit of production. : As given in Form A (enclosed)

B. Technology Absorption

- 1) Specific areas : Technology transfer from ITW for manufacturing and marketing of Shakeproof and Boss screw. Technical Center established for product validation
- 2) Benefits : New value added parts will be added in the product portfolio. Will be able to demonstrate product validation to customer
- 3) Future plan of action : To optimally use the Technical Center for product validation
- 4) Expenditure on R&D : The Company has not incurred any expense towards R&D during the Financial Year under review.

Technology Absorption, Adaptation & Innovation

- 1) Efforts made : During the year under review, the Company has entered into a Technology Tie-up with Illinois Tool Works, a USA based company for importing Technology for manufacturing of Fasteners. The Company keeps itself updated with latest technological innovations by way of constant communication, personal discussions and visits to foreign countries/plants.

C. Foreign Exchange Earnings and outgo:

- 1) Efforts : Exports continue to remain focus area for the Company. The company made exports worth Rs. 2604.05 Lacs in the year as compared to Rs. 1268.83 Lacs in the previous year witnessing a growth of about 105.23% over the last year. Although, company's exports were higher in the year, the uncertainties in the European markets would have an adverse effect on the overall exports. Due to the continuous cost and capacity pressure in the North American and European markets, there will be new opportunities that will emerge. The teams are working diligent towards exploring new business opportunities with customers in all major territories. Development of new markets for export of company's products continues to remain a focus area. We are confident that we will be able to maintain the double digit sales growth to export customers in current year as well.
- 2) Earnings and Outgo :
 - (1) Foreign Exchange earnings Rs. 260,404,620.00
 - (2) CIF Value of imports Rs. 538,025,270.00
 - (3) Expenditure in Foreign Exchange Rs. 6,177,228.00

Form A**a) Power and fuel consumption**

	Current Year	Previous Year
1. Electricity		
(a) Purchased		
Unit (KWH' 000)	18205	14532
Total amount (Rs in lacs)	927	726
Rate/unit (Rs)	5.09	4.99
(b) Own generation		
I. Through diesel generator		
Unit (KWH'000)	8030	5631
Unit per ltr of diesel oil	3.59	3.67
Cost/unit (Rs)	10.03	9.60
II. Through steam turbine/generator	Nil	Nil
Units		
Units per ltr of fuel oil/gas		
Cost/units		
2. Coal (specify quantity and where used)	Nil	Nil
Quantity (tonnes)		
Total cost		
Average rate		
3. Furnace Oil	Nil	Nil
Quantity (K.ltrs)		
Total amount		
Average rate		
4. Other/internal generation	Nil	Nil

b) Consumption per unit of production

(Per MT of High Tensile Fasteners)		
Electricity (in KWH)	760	675
Diesel (in Liter)	93	91
Coal (specify quality)	Nil	Nil
Others (specify)	Nil	Nil

Annexure - III to Director's Report

Report on Corporate Governance

Sterling Tools Ltd. continues to pursue long term corporate goals based on the values of financial discipline, high ethical standards, transparency and complete trust. Attainment of the higher results through right means is the policy of Corporate Governance for your Company.

Corporate Governance is to attain highest levels of accountability, transparency and fairness in functioning and conduct of affairs of business with due emphasis on regulatory compliance. The Board firmly believes that fairness in corporate procedures, clear distinction between personal conveniences and corporate resources, transparent and high degree of disclosures in reporting system and maximization of shareholders value in the long run are the major pillars on which our structure of the Corporate Governance rests.

For Sterling Tools Limited Corporate Governance is not a destination but it is a journey which needs continuous improvements as we spend the years.

Endeavours have been made to follow the best practices in all the functional areas in discharging responsibilities towards the community, the Government and all other concerned/dealt with by Sterling Tools Ltd.

1. Composition and Responsibility of Board of Directors

The composition of Board of Directors is in conformity with Clause 49 of the Listing Agreement, as amended from time to time.

The Board of Directors alongwith its Committee provide necessary guidance, leadership to Company' Management and directs, supervises and control the affairs of the Company in order to achieve its Corporate Goals.

All Independent directors are in compliance with the requirements of Listing Agreement for being an Independent and have confirmed that they meet the "Independence Criteria" as mentioned under clause 49 of Listing Agreement.

As of 31st March, 2012, the Board of Directors of the Company ("the Board") has an optimum combination of directors.

The Board comprises of six directors and in order to ensure the independence of the Board, half of the directors are independent directors.

Name of the Directors	Category of directorship	No. of Directorships* held in other companies	No. of Chairmanship/ Membership in Board Committee of other companies	
			Chairman	Member
Shri. M. L. Aggarwal	Chairman & Executive Director	0	Nil	Nil
Shri. Anil Aggarwal	Managing Director	0	Nil	Nil
Shri. Atul Aggarwal	Whole Time Director	0	Nil	Nil
Dr. T. N. Kapoor	Non Executive Independent Director	4	3	4
Shri. K. R. Gupta	Non Executive Independent Director	1	2	Nil
Shri. C. R. Sharma	Non Executive Independent Director	3	Nil	3

- For the purpose of considering directorships, only Public Limited Companies (Listed as well as Unlisted) have been included.
- For the purpose of calculating Chairmanship / Membership of Committees only Audit Committee and Shareholders' / Investors' Grievance Committee of all Public Limited Companies have been considered.

1.1 Board Meetings and Procedures thereof:

The Board of the Company comprises of professionals and learned executives having in depth knowledge of their respective fields to oversee the overall functioning of the Company.

Minimum of 4 meetings of the Board are held every year with a gap of not more than 4 months between two meetings. Besides this, the members of the Board meet to consider various matters as and when required.

The Company Secretary' duty is to prepare and provide Agendas as well as other requisite information to the members of the Board. Board Meetings are open forum for the members of the Board to discuss and deliberate upon growth and development plans of the Company.

Minutes of the proceedings of every Board meeting are recorded in Minutes Book within 30 days of the meeting and are discussed before approval by the members of Board at successive Board Meeting.

1.2 Information supplied to the Board:

Presentations are made to the Board of Directors on various functional, operational, statutory compliances and financial highlights etc.

Among others, this includes:

- i) Annual operating plans and budgets and any updates.
- ii) Quarterly Results of the Company.
- iii) Capital Budgets-Plant wise as well as Company as a whole.
- iv) Minutes of Audit Committee, Investors' Grievance Committee, Share transfer Committee & Remuneration Committee.
- v) Information relating to recruitment of Senior Officers just below the Board level.
- vi) Certificates given by the Plant Heads/Admn. Heads detailing compliances with the various provisions of Factories Act, Safety, Health and Environmental norms etc.
- vii) Details of any Joint Venture, Collaboration etc.
- viii) Non-compliance of any statutory, regulatory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- ix) All other information which is required to be provided pursuant to the provisions of Clause 49(ii) (d) of Listing Agreement.

1.3 Details of Board Meetings held during the Financial Year

During the Financial Year 2011-2012, the Board met 5 times—on 17th May, 2011, 4th August, 2011, 31st October, 2011, 24th January, 2012 and 12th March, 2012.

Name of the Director	No. of Board Meeting attended	Whether attended last AGM
Shri. M. L. Aggarwal	5	Yes
Shri Anil Aggarwal	5	Yes
Shri Atul Aggarwal	5	Yes
Dr. T. N. Kapoor	5	Yes
Shri K. R. Gupta	5	Yes
Shri C. R. Sharma	4	No

1.4 Compensation to the Members of the Board

Executive Directors

The terms of existing remuneration of Shri M. L. Aggarwal, Shri Anil Aggarwal and Shri Atul Aggarwal have already been fixed by the Board of Directors and approved by the shareholders in the AGM.

Details of the remuneration paid to Executive Directors during the year 2011-2012 are given below:

(Amount in Rs.)

Name of the Director	Salary and other Allowances	Commission	Perquisites	Total
Shri. M. L. Aggarwal	5657736	2449000	110964	8217700
Shri Anil Aggarwal	5115840	2449000	101163	7666003
Shri Atul Aggarwal	4814784	2449000	171085	7434869

Non-executive Directors

The Non-Executive Directors are entitled to sitting fee for attending the Board / Committee Meetings. A sitting fee of Rs. 20000/- for attending each Meeting of the Board as well as Committee meeting is paid to an Independent director.

The sitting fees are paid to Independent directors pursuant to the compliance of the provisions of Companies Act, 1956 as amended from time to time. None of the Independent directors have any pecuniary/other interest in the transactions of the Company, its directors or its promoters, its senior Management and Associates which may affect their independence.

Sterling Tools Limited has no stock option plans and hence, such instruments do not form a part of the remuneration package payable to any executive and/or non-executive director. During the year under review, none of the directors was paid any performance-linked incentive.

During the year 2011-2012, the Company did not advance any loans to any of the executive and/or non-executive directors.

During the Financial Year 2011-2012, the sitting fees paid to Independent directors is detailed below:

(Amount in Rs.)

Name of the Director	Board Meeting	Audit Committee Committee	Investors grievance	Remuneration Committee	Share Transfer Committee
Shri K. R. Gupta	80000	60000	60000	0	50000
Shri T. N. Kapoor	80000	60000	60000	0	0
Shri C. R. Sharma	70000	50000	0	0	0
TOTAL	230000	170000	120000	0	50000

1.5 Details of shareholding of Directors as on 31.03.2012 are given as under:

Name of the Director	No. of Equity Shares	% of Holding
Shri Manohar Lal Aggarwal	759913	11.10
Shri Anil Aggarwal	1550400	22.65
Shri Atul Aggarwal	1718502	25.11
Shri Triloki Nath Kapoor	Nil	Nil
Shri Khushi Ram Gupta	Nil	Nil
Shri Chhotu Ram Sharma	Nil	Nil

2. Committee(s) of the Board

The Board of the Company has constituted its different Committees for regulating various working aspects of the Company.

At present the Company has four Board Committees:

- (i) Audit Committee
- (ii) Shareholders' / Investors' Grievances Committee
- (iii) Share Transfer Committee
- (iv) Remuneration Committee

2.1 Audit Committee

The constitution, quorum, scope etc. of the Audit Committee is in line with the Companies Act, 1956 and provisions of the Listing Agreement.

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. K. R. Gupta – Chairman(Non Executive Independent Director)
- Dr. T. N. Kapoor – Member(Non Executive Independent Director)
- Shri C. R. Sharma – Member(Non Executive Independent Director)
- Shri Anil Aggarwal – Member(Managing Director)

The role and terms of reference of the Audit Committee cover areas mentioned in the Clause 49 of Listing Agreement with Stock Exchange and section 292A of the Companies Act, 1956 which, among others, include:

1. A periodic review of efficacy of the financial control systems and suggestions for improvement therein.
2. Review of operating results on a quarterly basis, prior to their submission for the consideration and adoption by the Board.
3. Advice to the Board on appointment / removal of statutory auditors and fixing their remuneration.
4. Review with statutory auditors their audit findings & to address any areas of concern cited by them.
5. Advice to the Board on the adequacy of Company's risk management measures and implementation of financial policies and procedures.
6. Ensure compliance of internal control systems.
7. To act as a link between Statutory and Internal Auditors of the Company and the Board of Directors.
8. Discussion with Internal Auditors any significant findings and follow up thereon.
9. Review of any weakness in Internal Controls, if any and make recommendations relating thereto to the Board so as to ensure compliance of internal Control system.
10. Any other matter which the Board of Directors may at its discretion assign to the committee from time to time.

Ms. Vaishali Singh, Company Secretary, is the Secretary to the Committee.

Meetings of Audit Committee

During the Financial Year 2011-2012, the Audit Committee met 4 times – on 17th May, 2011, 4th August, 2011, 31st October, 2011 and 24th January, 2012. The attendance of each Member of the Committee is given below:

Name of Directors	No. of Meetings attended
Shri. K. R. Gupta	4
Shri. C. R. Sharma	3
Shri. T. N. Kapoor	4
Shri. Anil Aggarwal	4

2.2 Shareholders' / Investors' Grievances Committee

The Investors Grievances Committee is headed by an Independent Director and comprises of following Directors:

- Dr. T. N. Kapoor – Chairman (Non-Executive Independent Director)
- Shri K. R. Gupta – Member (Non-Executive Independent Director)
- Shri Atul Aggarwal – Member (Whole Time Director)

Terms of reference

The Committee looks into the grievances of the investors relating to transfer/transmission of Shares, Non-issue of duplicate share certificates/Consolidation/ Split of Shares, Non receipt of Annual Report/Declared Dividend, review status of investor grievances and the functioning of the Share Department to render efficient, effective and satisfactory services to investors.

Ms. Vaishali Singh, Company Secretary, is the Secretary to the Committee.

Meetings of Shareholders' / Investors' Grievances Committee

During the financial year 2011-2012 the Committee met 4 times-on 17th May, 2011, 4th August, 2011, 31st October, 2011 and 24th January, 2012 to review the grievances / complaints received from Shareholders.

1.	Number of shareholder's complaints received during the financial year 2011-2012	2
2.	Number of shareholder's complaints solved to the satisfaction of shareholders.	2
3.	Number of pending shareholders' complaints	NIL

2.3 Share Transfer Committee

The Share Transfer Committee comprises of following Directors:

- Shri M. L. Aggarwal – Chairman
- Shri Anil Aggarwal – Member (Managing Director)
- Shri Atul Aggarwal – Member (Whole Time Director)
- Shri K. R. Gupta – Member (Non-Executive & Independent Director)

Meetings of Share Transfer Committee

The Committee meets at frequent intervals, to approve inter-alia, transfer/transmission of Shares, de-materialization of shares, issue of duplicate share certificate, Consolidation and Split of Share Certificate and any other powers / responsibilities entrusted by the Board. During the Financial Year 2011-2012 the committee met 13 (Thirteen) times.

2.4 Remuneration Committee

The Remuneration Committee comprises of following Directors:

- Shri K. R. Gupta – Chairman (Non-Executive Independent Director)
- Shri C. R. Sharma – Member (Non-Executive Independent Director)
- Dr. T. N. Kapoor – Member (Non-Executive Independent Director)
- Shri M L Aggarwal – Member (Executive Chairman)

Terms of Reference

The role and terms of reference of the Remuneration Committee cover areas mentioned in the Clause 49 of Listing Agreement with Stock Exchange, which, among others, include:

- to formulate the remuneration policy for all executive directors including retirement benefits to be paid to them and deal with matters pertaining to Employees' Stock Option Schemes
- to adhere proper disclosure of remuneration paid / payable to Executive of the Company during any financial period
- to identify and ensure disclosure of all pecuniary relationship or transaction with Executive Directors of the Company.
- to ensure compliance of all statutory laws related to remuneration policy
- to obtain outside legal or professional advice and to access the criteria and industry benchmarks for formulation of remuneration package of Executive Directors
- to recommend the appointment/removal and fix the remuneration of Executive Directors of the Company
- Any other Powers / responsibilities, as the Board of directors may from time to time, delegate by a resolution.

Meetings of Remuneration Committee

During the Financial Year 2011-2012, there was no meeting of Remuneration Committee held.

3. Compliance Officer

Ms. Vaishali Singh, the Company Secretary is the Compliance Officer of the Company. The Compliance Officer can be contacted at:

5ADLF Industrial Estate, Faridabad-121003
Tel.: 91-129-2270621-25 (Extn. 146)
Email: vaishalis@stlfasteners.com

4 Subsidiary Companies

The Company doesn't have any subsidiary.

5 Disclosures

5.1 Details of shares held by the Directors and dividend paid to them during the Financial Year 2011-2012.

No. of Equity Shares	Name of the Director	Dividend paid during the Financial year 2011-12 (In Rs.)
759913	Shri Manohar Lal Aggarwal	3672315
1550400	Shri Anil Aggarwal	7752000
1718502	Shri Atul Aggarwal	8591510
Nil	Shri Triloki Nath Kapoor	Nil
Nil	Shri Khushi Ram Gupta	Nil
Nil	Shri Chhotu Ram Sharma	Nil

5.2 Disclosures on materially significant related party transactions

Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard-18 in Companies (Accounting Standards) Rules, 2006. Shareholders may please refer the same. However these are not in conflict with the interests of the Company at large. There are no material individual transactions which are not in the normal course of business.

All details relating to financial and commercial transactions where Directors may have potential interest are provided to the Board and the interested Directors neither participated in the discussion nor did they vote on such matters.

5.3 Disclosure of Accounting Treatment

There is no deviation in following the treatments prescribed in any Accounting Standard in preparation of financial statements of the Company during the year.

5.4 Details of Loans/Advances and Investments

During the F.Y. 2011-12, the Company has further invested Rs. 2,00,00,000/- in the shares of Sterling Fabory India Pvt. Ltd., the Joint Venture Company established in pursuance of a Joint Venture with a Netherlands based Company i.e. Borstlap Masters in Fasteners Group B.V.(Fabory Group) on 50:50 ratio. The Joint Venture Company is engaged in the business of wholesale distribution, supply chain and vendor management of non-automotive and automotive fasteners and standard and no-standard(customer specific) non automotive electronic and other components, assemblies and sub-assemblies and fittings, of all kinds and for all industries and components thereof.

Besides the above said investment, the Company has not made any investment in any other group company or any outside company as well as has not provided any loan / advance to any of its directors or to any group Company in which directors are interested.

5.5 Details of non-compliance with regard to the Capital Market

There was neither any non-compliance by the Company on any matter relating to capital markets during previous three years nor did the Company attract any penalties or strictures by the Stock Exchanges, SEBI or any Statutory Bodies with regard to Capital Market.

5.6 Details of Compliance with Mandatory requirements of Clause 49 of Listing Agreement

The Company has duly complied with all the mandatory provisions of Clause 49 of Listing Agreement.

5.7 Details of Compliance with Non-Mandatory Requirements of Clause 49 of Listing Agreement

Board of Directors

The Company has decided to issue formal appointment letters to directors to be appointed in future and the same should be made available to shareholders at the time of ratification of appointment of newly appointed director and be placed on the website of the Company.

Separation of office of CEO and Chairman

The office of the Chairman and CEO of the Company has always been separated. Mr. M.L. Aggarwal is the Chairman and Mr. Anil Aggarwal is CEO of the Company.

Independent Directors

The existing Independent directors have freedom to meet the Management of the Company as and when need be to discuss any issue related to affairs of the Company.

Keeping in view the contribution given by the Independent directors in effectively carrying out the business of the company, the Management is of the view that it is not necessary to fix the tenure of the Independent directors

Remuneration Committee

The remuneration of Executive Personnel as well as Non Executive Directors/Independent Directors of the Company is fixed by the Remuneration Committee. The necessary details of Remuneration committee is elsewhere provided in the Report.

Training of Board Members/Mechanism for evaluating non-executive Board Members

All the Board Members are experts in their respective fields and are well aware of company's business model and risk profile. If need be, the training will be organised by the Company.

The Independent directors of the Company are also members on the Board of other Companies and Committees thereof. All of them actively take part in the deliberations at the Board Meetings and contribute effectively to the business.

Risk Management

The Company has carried out a detailed analysis on Enterprise Risk Management by Bluelotus Strategy Consulting Private Limited and on the basis of that analysis, a detailed strategy including policy for Risk Management of the company is framed which is subject to be reviewed by Audit committee from time to time for identifying, analyzing and mitigating the risk factors.

The objective of the Company's risk management is to identify the potential areas that may affect the affairs of the Company and then ensuring the reasonable assurance to avoid any possible damage to the assets and properties of the Company.

Provisions regarding Audit Committee

The Company is already complying almost with all the provisions regarding Audit Committee. The Constitution of Audit Committee alongwith terms of references, meetings etc. are elsewhere provided in the Report.

Appointment of Auditors and Internal Auditors

The Company is already complying with most of the provisions regarding appointment of Statutory Auditors and Internal Auditors etc. except rotation of Audit Firms and Partners as is required for appointment of Statutory Auditors.

Audit Qualification

There is no Audit qualification by the Statutory Auditors

Shareholders' rights

The financial performance and summary of significant events etc. are made available on the website of the Company in the form of Quarterly/Half yearly results. The same are published in two Newspapers- English and Vernacular and are also sent to Stock Exchanges.

Whistle Blower Policy

The Company has not adopted any separate "Whistle Blower Policy". However it has a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of business conduct and ethics.

6. Management

6.1 Management Discussion and Analysis

A detailed Management Discussion and Analysis forms part of the Directors' Report as ANNEXURE-IV.

6.2 Disclosures by Management to the Board

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested directors neither participate in the discussion nor do they vote on such matters.

7. Shareholders

7.1 Disclosures regarding appointment or re-appointment of Directors

The Company has provided all the details of the directors seeking appointment or re-appointment in the AGM Notice enclosed with this Annual Report.

7.2 Communication to Shareholders

The quarterly/half yearly results are being furnished to stock exchanges and also are being published in leading English and Hindi Newspapers and are displayed on the website of the Company—www.stlfasteners.com.

The Chairman's speech is distributed to shareholders at Annual General Meeting. The same is also placed on the website of the company for information of the shareholders residing in various parts of the country.

7.3 General Body Meetings

The details of Annual General Meetings held in the last three years are given below:

Financial Year	Date	Time	Venue	Special Resolution
2010–2011	06.07.2011	09:30 A.M.	Lakshmipat Singhania Auditorium, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	Power to Borrow Money, pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956, upto Rs. 150 Crores.
2009–2010	30.08.2010	10:00 A.M.	Lakshmipat Singhania Auditorium, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	i. Re-appointment of Shri M. L. Aggarwal as Executive Chairman of the Company and change in remuneration of the same. ii. Re-appointment of Shri Anil Aggarwal as Managing Director of the Company and change in remuneration of the same.

Financial Year	Date	Time	Venue	Special Business
				iii. Re-appointment of Shri Atul Aggarwal as Whole Time Director of the Company and change in remuneration of the same.
2008-2009	01.09.2009	10:00 A.M.	- DO -	-NONE-

7.4 Special Resolutions passed at the last 3 AGMs:

Date	Time	Special Resolution
06.07.2011	09:30 A.M.	-NONE-
30.08.2010	10:00 A.M.	i. Re-appointment of Shri M. L. Aggarwal as Executive Chairman of the Company and change in remuneration of the same. ii. Re-appointment of Shri Anil Aggarwal as Managing Director of the Company and change in remuneration of the same. iii. Re-appointment of Shri Atul Aggarwal as Whole Time Director of the Company and change in remuneration of the same.
01.09.2009	10:00 A.M.	-NONE-

7.5 Special Resolution through Postal Ballot:

No special resolutions were required to be put through postal ballot last year.

No special resolution requiring postal balloting as recommended under Clause-49 of the Listing Agreement are placed for shareholders' approval at this meeting.

8. CEO/CFO Certification

As required by Clause 49 of the Listing Agreement, the CEO/CFO certification is given elsewhere in the Annual Report.

9. Report on Corporate Governance

This Corporate Governance Report forms part of the Annual Report. The Company is fully compliant with all the provisions of Clause 49 of the Listing Agreement of the Stock Exchanges of India.

10. Compliance

A Certificate from the Statutory Auditors of the Company, confirming compliance with all the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement of the stock exchanges is annexed to the Directors' Report and forms part of the Annual Report.

11. Code of conduct

The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company as required under Clause 49(1D) of Listing Agreement. This code is also posted on the website of the Company i.e. www.stlfasteners.com.

The Members of the Board of Directors and Senior Management personnel have affirmed the compliance with the Code applicable to them during the year ended March 31, 2012. The Annual Report of the Company contains a certificate by the Managing Director & CEO in this regard.

12. General Shareholder Information

(i) Annual General Meeting

Date	:	Friday, 6 th July, 2012
Time	:	9:30 A.M.
Venue	:	Lakshmipat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016

(ii) Financial Calendar

2012-13

Financial Year	:	1 st April to 31 st March
Unaudited first quarter financial results	:	Second Half of July
Unaudited second quarter financial results	:	Second Half of October
Unaudited third quarter financial results	:	Second Half of January
Audited annual results for the year ending 31 st March 2012	:	Second Half of May

(iii) Dividend Announcement

: The Board of Directors of Sterling Tools Limited has proposed a dividend of Rs. 5 per equity share (50%) for the financial year ended 31st March, 2012, subject to approval by the shareholders of the Company at the ensuing Annual General Meeting. Final Dividend paid in the previous year was Rs. 5 per equity share (50%) respectively.

(iv) Dates of Book Closure

: The Register of Members and Share Transfer Books of the company will remain closed from Saturday, 30th June, 2012 to Friday, 6th July, 2012 both days inclusive, for the purpose of Annual General Meeting.

(v) Date of Dividend Payment

: The payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on or after 6th July, 2012 as under:

To all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as on the end-of-the-day on 29th June, 2012 and

To all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the company on or before the closing hours on 29th June, 2012.

(vi) Share Transfer System

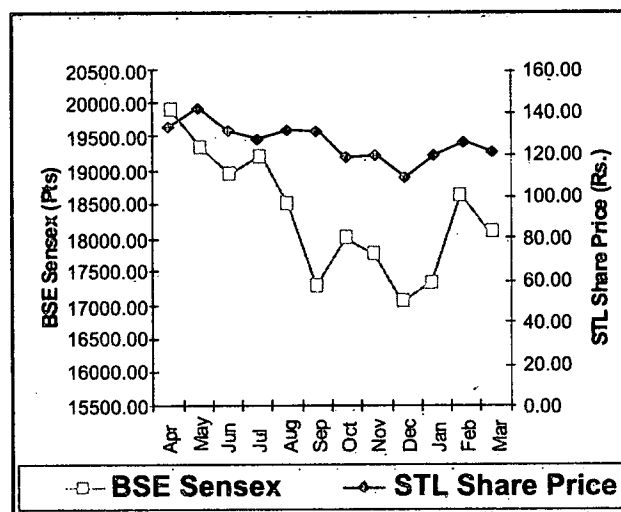
: The shares of the Company are compulsorily traded in dematerialised form. Shares received in physical mode are processed and approved by the Share Transfer Committee within a period of 15 days from the date of receipt provided the documents lodged are being valid and complete in all respects. In order to expedite the process of share transfer and in line with clause 49 of Listing Agreement, the Company has delegated the power of share transfer to R & T Agent- M/s Mas services Limited.

- (vii) **Registrar and Transfer Agent** : MAS Services Limited
T-34, 2nd Floor, Okhla Industrial Area, Phase-II,
New Delhi-110020
- (viii) **Dematerialisation of Shares** : The Shares of the Company are in Compulsory Demat segment as on 31st March, 2012,
The summarised position of shareholders in Physical and Demat segment as on 31st March, 2012 is as under:
- | Type of shareholding | No. of shareholders | Physical Shares | Demat Shares |
|----------------------|---------------------|-----------------|--------------|
| Equity | 3096 | 71439 | 6773161 |
| Preference | NIL | NIL | NIL |
- (ix) **Company's ISIN No.:** : **INE334A01015**
- Stock Code**
1. BSE, Mumbai : 530759
2. NSE, Mumbai : STERTOOLS
- (x) **Listing on Stock Exchange**
- Shares of Sterling Tools Limited are listed on the following stock exchange:
1. Bombay Stock Exchange Limited, Mumbai (BSE) : 1st Floor, Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400 001
2. National Stock Exchange of India Limited, Mumbai (NSE) : "Exchange Plaza", Plot No. C-1, Bandra Kurla
Complex, Bandra (E), Mumbai-400 051
- (xi) **Plant Locations** : (i). 5A, DLF Industrial Estate, Faridabad 121 003,
Haryana
(ii). 81, Sector-25, Ballabhgarh, Faridabad, Haryana
(iii). 49 KM Stone, Delhi Mathura Road, Village-Prithla,
Distt.-Palwal
- (xii) **Address for correspondence** : Investors and Shareholders are requested to send all
correspondence to the Registrar & Transfer Agent at the
address given above.
- (xiii) **Electronic Clearing Services (ECS)** : The Company is availing of the ECS facility to distribute
dividend in main cities to those Members who have opted for
it.

(xiv) Market Share price data on BSE during the financial year 2011-2012

Month	High	Low
April 2011	132.00	118.00
May 2011	142.00	115.00
June 2011	129.75	115.00
July 2011	125.00	113.10
August 2011	129.95	100.60
September 2011	129.45	101.70
October 2011	115.00	101.00
November 2011	116.00	95.00
December 2011	104.00	94.15
January 2012	115.95	96.05
February 2012	123.00	110.30
March 2012	118.00	105.25

**Stock Price Performance-STL vs BSE Sensex
Financial Year 2011-2012**



Note: Based on the Monthly highest data of STL (Rs. Per Share) and BSE Sensex (Pts.)

(xv) Shareholding Pattern:

	As on 31 st March 2012		As on 31 st March 2011	
	No. of shares	% to total Capital	No. of shares	% to total Capital
Promoters	4761215	69.56	4735765	69.19
Mutual Funds	22400	0.33	22400	0.33
NRIs and OCBs	24569	0.36	31415	0.46
Body Corporate	326317	4.77	358193	5.23
Indian Public	1710099	24.98	1696827	24.79
Total	6844600	100.00	6844600	100.00

(xvi) Distribution of shareholding as on 31st March, 2012

Nominal Value of each shares – Rs. 10/-

Number of Share Holders	% To Total	Share Holding of Nominal Value of Rs.		No. of shares	Amount in Rs.	% To Total
2713	87.629	1	to 5,000	326442	3264420	4.769
204	6.589	5,001	to 10,000	163023	1630230	2.382
84	2.713	10,001	to 20,000	130382	1303820	1.905
25	0.807	20,001	to 30,000	62369	623690	0.911
4	0.129	30,001	to 40,000	15272	152720	0.223
18	0.581	40,001	to 50,000	84268	842680	1.231
19	0.614	50,001	to 1,00,000	126750	1267500	1.852
29	0.937	1,00,001	& ABOVE	5936094	59360940	86.727
3096	100.00	Total		6844600	68446000	100.00

CEO AND CFO CERTIFICATION

We, Anil Aggarwal, Managing Director and Sanjeev Bharadwaj, Vice President (Finance) of Sterling Tools Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account and all its Schedules and Notes on accounts, as well as the Cash Flow Statements for the Year ended 31-03-2012 and to the best of our knowledge and belief :
 - i) these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made or contain statements that might be misleading;
 - ii) the financial statements and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the Company's code of conduct.
3. The Company's other certifying Officers and we are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the year.
 - ii) Significant changes in accounting policies during the year and that same have been disclosed in the notes to the financial statements; and
 - iii) Any fraud, which we have become aware and that involves management or an employee having a significant role in the Company's internal control system over financial reporting.

We further declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31-03-2012.

Date : 10.05.2012
Place: Faridabad

ANIL AGGARWAL
MANAGING DIRECTOR
DIN No. 00027214

SANJEEV BHARADWAJ
VICE PRESIDENT (FINANCE)

Auditors' Certificate on compliance of conditions of Corporate Governance as per clause 49 of the Listing Agreement with the Stock Exchange

To the Members of

M/S. STERLING TOOLS LIMITED

We have examined the compliance of the conditions of Corporate Governance by Sterling Tools Limited, for the year ended on 31st March 2012, as stipulated in clause 49 of the Listing agreement of the said Company with the stock exchange.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedure and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S.R. Dinodia & Co.**
Chartered Accountants

(Sandeep Dinodia)
Partner
M. No. 083689

Place : New Delhi
Dated: 11.05.2012

Annexure - IV to Director's Report

Management Discussion and Analysis Report

The Management of Sterling Tools Limited is pleased to present Management Discussion and Analysis Report covering performance for the year 2011-2012 and outlook for the future. The report contains future predictions for the Company's business based on current scenario:

Industry Structure and Developments

The Automobile Industry is the largest Consumer for fasteners and other major user segments are Railways locomotives, Textile machinery, Construction, Computer Hardware and general engineering. Moreover there is huge potential in Export Segment.

Since in our Company, supplies of fasteners are primarily to Automotive Industry- approx. 75% of Company's supplies are made to Original Automotive Equipment Manufacturers, approx. 20% supplies are made to Retail Market and rest 5% to Exports.

As per the industrial statistic furnished by **Society of Indian Automobile Manufacturers (SIAM)**, the trends in the Automobile industry for the Financial Year 2011-12 as Compared to 2010-11 are detailed below:

Production

The cumulative production data for April-March 2012 shows production growth of 13.83 percent over same period last year. In March 2012 as compared to March 2011, production grew at a single digit rate of 6.83 percent. In 2011-12, the industry produced 20,366,432 vehicles of which approximate share of two wheelers, passenger vehicles, three wheelers and commercial vehicles were 76 percent, 15 percent, 4 percent and 4 percent respectively.

Domestic Sales

The growth rate for overall domestic sales for 2011-12 was 12.24 percent amounting to 17,376,624 vehicles. In the month of only March 2012, domestic sales grew at a rate of 10.11 percent as compared to March 2011.

Growth in Passenger Vehicles:

Passenger Vehicles segment grew at 4.66 percent during April-March 2012 over same period last year. Passenger Cars grew by 2.19 percent, Utility Vehicles grew by 16.47 percent and Vans by 10.01 percent during this period. In March 2012, domestic sales of Passenger Cars grew by 19.66 percent over the same month last year. Also, sales growth of total passenger vehicle in the month of March 2012 was at 20.59 percent (as compared to March 2011). For the first time in history car sales crossed two million in a financial year.

Growth in Commercial Vehicles:

The overall Commercial Vehicles segment registered growth of 18.20 percent during April-March 2012 as compared to the same period last year. While Medium & Heavy Commercial Vehicles (M&HCVs) registered a growth of 7.94 percent, Light Commercial Vehicles grew at 27.36 percent. In only March 2012, commercial vehicle sales registered a growth of 14.82 percent over March 2011.

Growth in Three Wheelers Vehicles:

Sales recorded a decline of (-) 2.43 percent in April-March 2012 over same period last year. While Goods Carriers grew by 6.31 percent during April-March 2012, Passenger Carriers registered decline by (-) 4.50 percent. In March 2012, total Three Wheelers sales declined by (-) 9.11 percent over March 2011.

Growth in Two Wheeler Vehicles:

Total Two Wheelers sales registered a growth of 14.16 percent during April-March 2012. Mopeds, Motorcycles and Scooters grew by 11.39 percent, 12.01 percent and 24.55 percent respectively. If we compare sales figures of March 2012 to March 2011, the growth for two wheelers was 8.27 percent.

Exports

During April-March 2012, the industry exported 2,910,055 automobiles registering a growth of 25.44 percent. Passenger Vehicles registered growth at 14.18 percent in this period. Commercial Vehicles, Three Wheelers and Two Wheelers segments recorded growth of 25.15 percent, 34.41 percent and 27.13 percent respectively during April-March 2012. For the first time in history car exports crossed half a million in a financial year.

In March 2012 compared to March 2011, overall automobile exports registered a growth of 17.81 percent.

(SOURCE OF INFORMATION: SIAM)

Opportunities

Opportunities in Domestic and Export Market:

The growth opportunities for high tensile fasteners are definitely encouraging. This growth in demand is mainly attributed to Automobile Industry. It is the largest end user of fasteners. The growth rate for fastener industry is pegged 10% to 15% annually. There is also improved demand from sectors like construction, general engineering, railway locomotives, textile machinery and even Computer hardware. The Exports Market also has very good prospects.

Change in Outlook

The automobile industry and the suppliers are benefiting from this positive trend. The positive outlook of the fastener industry was most visible in the fastener fair that was held in Mumbai earlier this year. There was a warm response from domestic and overseas exhibitors. In the years to come, the demand from the commercial vehicle segment will drive growth.

All these growth trends conclude that the future of Indian Automobile Industry is very bright and simultaneously the growth of Fastener Industry will be in rising spirits.

Challenges

The challenges for Fastener Industry include:

- a) Shooting prices of steel and other raw materials which is putting increased pressures on margins.
- b) Rising Input cost would be a major challenge and consequently cost control would be key area of focus.
- c) Another challenge is to face competition in the export market with Taiwanese / Chinese Fasteners because of their low cost.
- d) Challenge to produce environment friendly fasteners which do not use carcinogenic plating such as chromium / cadmium and to keep looking for more ways to produce more stronger, more lighter and more easy-to-use fasteners than ever before.
- e) Weak Rupee as compared to Dollar.

Risk & Concerns

The risks that may affect the functioning of the Company include, but are not limited to:

- Economic Conditions
- Increasing cost of raw materials.
- Competitive market conditions.
- Any industrial, particularly automobile, slowdown may affect the demand supply potential affecting profitability of all high tensile fasteners manufacturers in India.
- Compliance and regulatory pressures including changes in tax laws.
- Unpredictable Dollar Rates etc.

Your Company has a well defined Risk Management Strategy which is reviewed by the Audit committee/Board of Directors on regular basis for mitigating risk factors.

Adequacy of Internal Controls

The philosophy of your Company towards control systems is a mindful deployment of assets in such a way to optimise the benefits while ensuring the protection of its assets. The Company has a strong system which facilitates the

compilation of accurate and timely financial statements and management reports, ensures the compliance with Statutory/ regulatory provisions and to safeguard the interest of Investors by ensuring highest level of governance and periodic communication with Investors through publication of quarterly financial results and to make all the relevant information available to shareholders from time to time.

M/s JRA & Associates, an Independent Audit Firm reviews the operation and financials of the Company and a detailed report is presented to the Management for discussions and future compliances.

The Audit Committee reviews the effectiveness of the internal control system in the Company and besides considering the significant findings of Internal Auditors, also invites the senior Financial and Accounting Officers of the Company to provide an update on the functioning of Internal Control Systems in the Company.

A CEO and CFO Certificate forming part of the Corporate Governance Report confirm the existence of effective Internal Control Systems and procedures in the Company.

Review of Operations

Revenue from Operations (Gross) for the year ended March 31, 2012 at Rs. 32135.93 Lacs did show an increase of 18% against Rs. 27266.94 Lacs for the previous year despite enormous competition in automotive and other sector.

- Operating profit, excluding other income was Rs. 3787.58 Lacs for the year 2011-2012 increased by 4.47% as compared Rs. 3625.66 Lacs for the year 2010-2011.
- Operating margin was 12.95% for the year 2011-2012 as against 14.61% for the year 2010-2011.
- Other income was Rs. 46.61 Lacs for the year 2011-2012 decreased by 2.55% as against Rs. 47.83 Lacs for the year 2010-2011.
- Interest expenses were Rs. 939.72 Lacs for the year 2011-2012 as against Rs. 616.90 Lacs for the year 2010-2011.
- Corporate tax liability including Deferred, Fringe Benefit and Wealth Tax Liability for the year was Rs. 555.56 Lacs for the year 2011-2012 as against Rs. 779.78 Lacs for the year 2010-2011.
- Net profit was Rs. 1476 Lacs for the year 2011-2012 decreased by 6.90% as against Rs. 1585 Lacs for the year 2010-2011.
- Paid up equity share capital as on March 31, 2012 stood at Rs. 684.46 Lacs
- Earnings Per share (EPS) for the year is Rs. 21.56 for the year 2011-2012 as against Rs. 23.16 for the year 2010-2011.
- Cash Earnings Per Share (CEPS) was Rs. 33.18 for the year 2011-2012 as against Rs. 32.55 for the year 2010-2011.
- STL has contributed a foreign exchange to the tune of Rs. 2604.05 Lacs for the year 2011-2012 as against Rs. 1268.83 Lacs for the year 2010-2011.

Human Resources Development

Your Company' main focus on training and development of manpower. Training and development at all levels of Management is the focus of Company. The training needs of the employees working at various levels are determined by consulting them personally as well as through Head of the Departments from time to time, accordingly, training programmes are organised within the house as well as Outbound trainings are organised to cater overall development of employees of the Company.

The Industrial Relations has been harmonious and cordial.

The Company employed 629 persons during the year under review.

Cautionary Statement

Statements in this management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectation may be "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ from those either expressed or implied. Important factors that could affect the Company's performance include economic developments within the country, demand and supply conditions in the Industry, changes in the Government regulations, tax laws and other factor such as litigation and industrial relations.

AUDITORS' REPORT

TO THE MEMBERS OF M/S STERLING TOOLS LIMITED

1. We have audited the attached balance sheet of **M/S STERLING TOOLS LIMITED**, as at **31 March 2012**, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes (a) examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement (b) assessing the accounting principles used in the preparation of the financial statements (c) assessing significant estimates made by management in the preparation of the financial statements and (d) evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 [as amended by the Companies (Auditor's Report) (Amendment) Order 2004] issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors as on 31 March 2012 and taken on record by the Board of Directors. We report that none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required; and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the balance sheet, of the state of affairs of the Company as at 31 March 2012;
 - (b) in the case of the profit and loss account, the **profit** for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **S.R.DINODIA & CO.**
CHARTERED ACCOUNTANTS
Reg. No. 01478N

(**SANDEEP DINODIA**)
PARTNER
M. NO. 83689

PLACE: NEW DELHI
DATE : 15.05.2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our audit report of even date)

RE: M/S STERLING TOOLS LIMITED

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noted between the stocks as per physical verification and the book records have been properly dealt with in the books of account.
- (iii) As informed, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of paragraph 4(iii) (b), (c), (d), (f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices, there is no continuing failure to correct the weaknesses in the aforesaid internal control systems.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to explanation given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 and exceeding values of Rs.5 Lacs have been made at prices which are reasonable with regard to the prevailing market prices at the relevant times.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 58A, 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there-under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prime facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view of determine whether they are accurate or complete.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Customs duty, Excise duty, Service tax, Investor Education and Protection Fund and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs duty, Service tax, Investor Education and Protection Fund and cess and other material statutory dues were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax, Customs duty, Sales tax, Service Tax, Wealth tax and Cess which have not been deposited with the appropriate authorities on account of any dispute.

The following dues of Excise duty have not been deposited by the Company on account of dispute:

Name of the Statute	Nature of Dues	Amount (Rupees)	Period to which amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty	335,825	2006-2007	'Faridabad' Range – 24
		189,015,254	June 2006-Dec 2008	CESTAT, New Delhi
		106,987,422	Jan 2009-Oct 2010	CESTAT, New Delhi

- (x) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks during the year. There were no dues payable to any financial institution or debenture holders.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) The company is not a chit fund or a hidhi mutual benefit fund society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and on the basis of information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvi) On the basis of information and explanation given to us, we are of opinion that the term loans were applied for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the company, in our opinion, funds raised on short term basis have not been used for long term investments.

- (xviii) During the year, the Company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xx) According to the information and explanation given to us, the company has not raised any money by way of public issue during the year covered under audit. Therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

For S.R.DINODIA & CO.
CHARTERED ACCOUNTANTS
Reg. No. 01478N

(SANDEEP DINODIA)
PARTNER
M. NO. 83689

PLACE: NEW DELHI
DATE : 15.05.2012

Balance Sheet as at March 31, 2012

(Amount in Rupees)

PARTICULARS	Note No.	As At March 31, 2012	As At March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	68,446,000.00	68,446,000.00
Reserves and surplus	4	752,127,214.13	644,301,080.33
		820,573,214.13	712,747,080.33
Non-current liabilities			
Long-term borrowings	5	259,844,684.91	268,566,309.00
Deferred tax liabilities (Net)	6	96,534,069.75	93,925,490.00
Other Long term liabilities	7	257,815.00	-
Long-term provisions	8	3,295,378.00	4,282,498.00
		359,931,947.66	366,774,297.00
Current liabilities			
Short-term borrowings	9	557,072,461.27	377,297,847.00
Trade payables	10	193,110,400.77	195,598,825.09
Other current liabilities	10	147,243,419.75	140,356,169.58
Short-term provisions	8	42,160,880.18	53,484,142.00
		939,587,161.97	766,736,983.67
TOTAL		2,120,092,323.76	1,846,258,361.00
ASSETS			
Non-current assets			
Fixed assets			
	11		
Tangible assets		1,007,656,963.36	871,888,965.00
Intangible assets		1,392,846.00	1,719,302.00
Capital work-in-progress		9,953,632.00	245,853.00
Non-current investments	12	37,500,000.00	17,500,000.00
Long-term loans and advances	13	68,440,165.02	6,435,574.00
		1,124,943,606.38	897,789,694.00
Current assets			
Inventories	14	468,103,875.59	373,420,218.00
Trade receivables	15	386,888,870.96	399,357,842.00
Cash and other Bank Balances	16	53,020,380.72	75,788,811.00
Short-term loans and advances	13	68,970,454.10	96,447,212.00
Other current assets	15	18,165,136.00	3,454,584.00
		995,148,717.38	948,468,667.00
TOTAL		2,120,092,323.76	1,846,258,361.00

Summary of Significant Accounting Policies 2
The accompanying notes are an integral part of the financial statements

As per our Audit Report of even date attached

For & on behalf of Board of Directors

FOR S.R. DINODIA & CO.,
CHARTERED ACCOUNTANTS
REGN. NO. 001478N

(SANDEEP DINODIA)
PARTNER
M. NO. 083689

(M. L. AGGARWAL)
Chairman
DIN No. 00027380

(ANIL AGGARWAL)
Managing Director
DIN No. 00027214

PLACE: NEW DELHI
DATE : 15.05.2012

(SANJEEV BHARADWAJ)
Vice President (Finance)

(VAISHALI SINGH)
Company Secretary

Statement of Profit & Loss for the year ended March 31, 2012

(Amount in Rupees)

PARTICULARS	Note No.	For the year ended March 31, 2012	For the year ended March 31, 2011
Income			
Revenue from operations (Gross)	17	3,213,592,910.59	2,726,694,131.00
Less : Excise Duty		289,015,830.00	245,423,078.00
Revenue from operations (Net)		2,924,577,080.59	2,481,271,053.00
Other income	18	4,661,243.66	4,782,962.00
Total Income (I)		2,929,238,324.25	2,486,054,015.00
Expenses			
Cost of materials consumed	19	1,416,899,954.80	1,228,047,691.00
Changes in inventories in finished goods, work-in-progress and Stock in trade	20	(70,861,777.01)	(98,651,319.33)
Employee benefits expense	21	261,064,975.84	211,819,745.00
Finance Cost	22	100,749,889.74	66,558,879.87
Depreciation and amortization expense	11	79,511,721.64	64,266,406.00
Other expenses	23	937,815,316.51	777,819,072.13
Total expenses (II)		2,725,180,081.52	2,249,860,474.67
Profit before exceptional items and tax (I-II)		204,058,242.73	236,193,540.33
Exceptional Items		(901,052.00)	330,765.00
Profit Before Tax		203,157,190.73	236,524,305.33
Tax Expense :			
Current Tax		59,700,000.00	74,900,000.00
Deferred Tax		2,608,579.75	4,325,234.00
Tax adjustment for earlier years		(6,752,349.00)	(1,246,917.00)
Profit after tax/Profit for the year		147,600,959.98	158,545,988.33
Earnings per equity share:			
Basic / diluted earning per share	26	21.56	23.16
Summary of Significant Accounting Policies	2		
The accompanying notes are an integral part of the financial statements			

As per our Audit Report of even date attached

For & on behalf of Board of Directors

FOR S.R. DINODIA & CO.,
CHARTERED ACCOUNTANTS
REGN. NO. 001478N

(SANDEEP DINODIA)
PARTNER
M. NO. 083689

(M. L. AGGARWAL)
Chairman
DIN No. 00027380

(ANIL AGGARWAL)
Managing Director
DIN No. 00027214

PLACE: NEW DELHI
DATE : 15.05.2012

(SANJEEV BHARADWAJ)
Vice President (Finance)

(VAISHALI SINGH)
Company Secretary

Cash flow statement for the year ended 31 March, 2012

(Amount in Rupees)

	Year ended March 31, 2012	Year ended March 31, 2011
A. Cash Flow from operating activities		
Net Profit before tax	203,157,190.73	236,524,305.33
Adjustments for :		
Depreciation (Net)	79,511,721.64	64,266,406.00
Unrealised Foreign Exchange (Gain)/Loss	3,010,216.08	(1,968,573.00)
Wealth Tax	127,500.00	84,000.00
(Profit)/Loss on sale of fixed assets	901,052.00	(330,765.00)
Interest Expenses	93,971,789.58	58,983,219.00
Operation profit before working capital changes	380,679,470.03	357,558,592.33
Adjustment for :		
Trade Receivables	12,468,971.04	(85,452,299.00)
Other Receivables	(47,047,288.12)	(24,205,366.00)
Inventories	(94,683,657.59)	(151,977,182.00)
Trade Payables	(2,488,424.32)	80,787,818.00
Other Liabilities	7,145,065.17	1,894,650.00
Provisions	(142,731.83)	(3,298,183.00)
	(124,748,065.65)	(182,250,562.00)
Net Cash generated from operations	255,931,404.38	175,308,030.33
Direct taxes paid	(67,433,898.00)	(67,147,733.00)
Net cash from operating activities (A)	188,497,506.38	108,160,297.33
B. Cash flow from investing activities		
Purchase of fixed assets	(227,306,141.18)	(168,583,348.00)
Sale of fixed assets	3,213,319.00	1,855,000.00
Investment in Joint Venture Company	(20,000,000.00)	(17,500,000.00)
Net cash used in investing activities (B)	(244,092,822.18)	(184,228,348.00)
C. Cash flow from financing activities		
Proceeds from long-term borrowings- from banks	106,779,512.00	239,638,879.00
Dividend paid including Dividend Tax	(39,774,826.00)	(15,962,805.00)
Repayment of long-term borrowings-to banks	(115,501,136.09)	(86,767,749.00)
Short Term Borrowings	179,774,614.27	55,463,950.00
Interest paid	(95,441,062.58)	(59,382,395.00)
Net cash used in financing activities (C)	35,837,101.60	132,989,880.00
Net increase in cash & cash equivalent (A+B+C)	(19,758,214.20)	56,921,829.33
Cash and Cash equivalents as at 01.04.2011 (Opening Balance)	75,788,811.00	16,898,409.00
Unrealised Foreign Exchange Gain / (Loss)	(3,010,216.08)	1,968,573.00
Cash and Cash equivalents as at 31.03.2012 (Closing balance)	53,020,380.72	75,788,811.33

Notes:-

- All figures in brackets are outflows.
- Cash & Cash Equivalent is Cash & Bank Balances as per Balance Sheet.
- Previous year figures have been regrouped/ restated wherever necessary.

As per our Audit Report of even date attached

For & on behalf of Board of Directors

FOR S.R. DINODIA & CO.,
CHARTERED ACCOUNTANTS
REGN. NO. 001478N

(SANDEEP DINODIA)
PARTNER
M. NO. 083689

(M. L. AGGARWAL)
Chairman
DIN No. 00027380

(ANIL AGGARWAL)
Managing Director
DIN No. 00027214

PLACE: NEW DELHI
DATE : 15.05.2012

(SANJEEV BHARADWAJ)
Vice President (Finance)

(VAISHALI SINGH)
Company Secretary

Notes to Financial Statements for the year ended March 31, 2012

NOTE 1: CORPORATE INFORMATION

Sterling Tools Limited (the company) is a public limited company incorporated in the year 1979 under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and marketing of high tensile cold forged fasteners. It is one of the progressive Original Equipment Manufacturer (OEM) suppliers in India with a client base that spans automotive companies in India, Europe and USA.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956 ("the Act") as adopted consistently by the Company. The financial statements have been prepared on accrual basis and under the historical cost convention.

b. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Fixed Assets and Depreciation

Fixed assets are stated at cost of acquisition inclusive of freight, duties & taxes and incidental expenses related to acquisition up to the date of installation. Cost of Fixed assets are further adjusted by the amount of Modvat/Cenvat credit availed and Vat credit wherever applicable. Interest and finance charges incurred are allocated to the respective fixed assets on installation. Fixed assets under construction, advance paid towards acquisition of fixed assets and cost of assets not put to use before year end, are shown as long term loans & Advances.

Software which are not an integral part of related hardware, is treated as intangible asset and amortized over a period of three years or its licensed period, whichever is less. Leasehold Improvements are amortized over period of lease.

Depreciation on fixed assets is provided, on straight line method, at the rates prescribed in Schedule XIV to the Companies Act, 1956. The depreciation on assets acquired/sold/discarded during the year is provided from/up to the month in which the asset is commissioned/sold/discarded except in case of fixed assets costing up to Rs. 5,000/- where, depreciation is provided for the whole year.

d. Revenue recognition

Domestic and export sales are recognised on transfer of significant risks and rewards to the customer, which takes place on dispatch of goods from the factory/ storage area and port respectively. The sales are accounted for net of trade discount, sales tax; sale returns but includes excise duty and price variations.

Income from Export Incentives viz. Duty Drawback and Focus Product Scheme is recognized on accrual basis.

Interest Income is recognized on time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend Income is recognized when the company's right to receive dividend is established by the reporting date.

e. Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of raw material is determined on the basis of First-in-First-Out (FIFO) method.

The cost of manufactured finished goods and work-in-progress includes raw material value determined on the basis of First-in-First-Out (FIFO) method and includes conversion and other costs incurred in bringing the inventories to their present location and condition. Finished manufactured goods also include excise duty.

Provision is made for cost of obsolescence and other anticipated losses wherever considered necessary.

Stores & Consumables, Packing Materials and Tools & Dies are valued at lower of net realizable value or cost on the basis of First-in-First-Out (FIFO) method.

Stock in Transit is valued at lower of cost and net realizable value. Scrap is valued at estimated net realizable value.

f. Employee's Benefits

Expenses and Liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 – Employees Benefits (Revised 2005) issued by the Company (Accounting Standard) Rules, 2006.

Short Term Employee Benefits: All employees' benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related services at undiscounted amount.

Post Employment Benefit Plans: Payments to Defined Contribution Retirements Benefit Schemes are charged as an expense as they fall due. For Defined Benefit Schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefit become vested. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of scheme assets.

Terminal Benefits are recognized as an expense immediately.

g. Borrowing Cost

Borrowing costs that are attributable to the acquisition for construction of qualifying asset are capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue. Borrowing Cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings to the extent they are regarded as an adjustment to the interest cost.

h. Foreign Currency Transactions

Initial Recognition: The transactions in foreign currency are initially accounted for at the rate prevailing as on the transaction date.

Conversion: The monetary items denominated in the foreign currency are stated at the exchange rate prevailing at the year end and the overall net gain/ (loss) is adjusted to the profit & loss account. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Exchange Difference: The Exchange difference arising on the settlement of monetary items or reporting these items at rates different from rates at which these were initially recorded/ reported in previous financial statements are recognized as income/expense in the period in which they arise.

Forward contracts, other than those entered into hedge currency risk on unexpected firm commitments or highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly as per Accounting Standard (AS) 11 ["The Effects of Changes in Foreign Exchange Rates"].

i. Investments

Investments, which are readily realizable and intended to be held for more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as Non-Current Investments. Current Investments are carried in the financial statements at lower of cost and fair value. Non-Current Investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the Investments

j. Taxes on Income : Tax expense comprises current and deferred tax.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and

tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes (asset/ liability) reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

k. Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to the maximum of depreciated historical cost and is accordingly reversed in the profit and loss account.

l. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized in the accounts in respect of present probable obligations arising as a result of past events and it is probable that there will be an outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent Assets are neither recognized nor disclosed in the financial statements.

m. Leases

Lease arrangements where the risks and rewards incident to the ownership of assets substantially vests with the lessor, are recognized as operating leases. Lease rent under operating leases are recognized under profit and loss account on a straight line basis over the lease term.

n. Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating Diluted Earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

o. Cash Flow Statement

Cash flows are reported using the indirect method as specified in Accounting Standard (AS-3) "Cash Flow Statement".

p. Segmental Reporting

Primary Segment: The Company is engaged in manufacture of high tensile fasteners. The entire operations are governed by same set of risk and returns; hence, the same has been considered representing a single primary segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard-17 on Segment Reporting issued by Company (Accounting Standard) Rules, 2006.

Geographical Segment: The Company sells its products mostly within India with insignificant export income and does not have any operations in economic environments with different risks and returns, hence, its considered operating in single geographical segment.

Notes to Financial Statements for the year ended March 31, 2012

(Amount in Rupees)

	As At March 31, 2012	As At March 31, 2011
NOTE 3 : SHARE CAPITAL		
Authorised		
10,000,000 (March 31,2011: 10,000,000) Equity Shares of Rs. 10/- each	100,000,000.00	100,000,000.00
Issued, Subscribed & Paid-up		
6,844,600 (March 31,2011: 6,844,600) Equity Shares of Rs. Rs.10/- each fully paid up	68,446,000.00	68,446,000.00
	68,446,000.00	68,446,000.00

(a) Reconciliation Statement of Equity Share Capital (Amount in Rupees)

	March 31, 2012		March 31, 2011	
	No. of shares	Amount	No. of shares	Amount
No. of Shares at the beginning of the year	6,844,600	68,446,000	6,844,600	68,446,000
Add:- Addition during the year	-	-	-	-
Less:- Buy back during the year	-	-	-	-
No. of Shares at the end of the year	6,844,600	68,446,000	6,844,600	68,446,000

(b) Terms/rights attached to Equity shares

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of Equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Aggregate number of bonus shares issued, shares issued for consideration than cash during the period of five years immediately preceeding the reporting date

	As at March 31, 2012 (No.)	As at March 31, 2011 (No.)
Equity shares allotted as fully paid up bonus shares by capitalisation of general reserve	2,280,000	2,280,000
Equity shares allotted as fully paid up bonus shares by capitalisation of Securities Premium Account	3,422,300	3,422,300

(d) Details of shareholders holding more than 5% shares in the company

	March 31, 2012		March 31, 2011	
	No. of shares	Amount	No. of shares	Amount
(i) Mr. Manohar Lal Aggarwal, Promoter	759,913	11.11%	734,463	10.73%
(ii) Mr. Anil Aggarwal, Promoter	1,550,400	22.65%	1,550,400	22.65%
(iii) Mr. Atul Aggarwal, Promoter	1,718,502	25.11%	1,718,302	25.10%

Notes to Financial Statements for the year ended March 31, 2012

(Amount in Rupees)

	As At March 31, 2012	As At March 31, 2011
NOTE 4 : RESERVE AND SURPLUS		
Capital Reserve		
Balances at the beginning of the year	664,750.00	664,750.00
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Closing Balance	664,750.00	664,750.00
Security Premium Reserve		
Balances at the beginning of the year	34,071,500.00	34,071,500.00
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Closing Balance	34,071,500.00	34,071,500.00
General Reserve		
Balances at the beginning of the year	148,446,396.00	132,446,396.00
Add:- Addition during the year	15,000,000.00	16,000,000.00
Less:- Utilised during the year	-	-
Closing Balance	163,446,396.00	148,446,396.00
Surplus / (deficit) in the statement of profit and loss		
Balances at the beginning of the year	461,118,434.33	358,347,272.00
Add:- Addition during the year		
Balance of Profit & Loss Account	147,600,959.98	158,545,988.33
Less:- Utilised during the year		
Proposed Dividend on Equity Shares	34,223,000.00	34,223,000.00
(dividend amount per share Rs.5 (March 31,2011:Rs. 5))		
Dividend Distribution Tax on Proposed Dividend	5,551,826.18	5,551,826.00
Transfer to General Reserve	15,000,000.00	16,000,000.00
Closing Balance	553,944,568.13	461,118,434.33
Total Reserves and Surplus	752,127,214.13	644,301,080.33

(Amount in Rupees)

	Non Current portion		Current Maturities	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
NOTE 5 : LONG TERM BORROWINGS				
Indian rupee loan from Banks				
(Secured)				
Term Loan	199,844,684.91	268,566,309.00	84,593,934.00	123,825,535.00
Working capital Term Loan	60,000,000.00	-	30,000,000.00	-
Total	259,844,684.91	268,566,309.00	114,593,934.00	123,825,535.00
Less: Amount disclosed under head	-	-	114,593,934.00	123,825,535.00
"other current liabilities" (note 10.2)				
Net amount	259,844,684.91	268,566,309.00	-	-

Notes to Financial Statements for the year ended March 31, 2012

NOTE 5 : LONG TERM BORROWINGS Contd..

- a) Term loan are secured by first mortgage of certain Land & Building, Plant & Machinery & other fixed assets and hypothecation of Movable Assets, and personal guarantee by some of the directors of the company. The vehicle loans are secured by hypothecation of respective vehicles.
- b) Working Capital Term Loan is secured by hypothecation of Stock in Trade, Receivables, Mortgage of certain Land and Building, plant and machinery and other fixed assets and personal guarantee by some of the directors of the Company.
- c) Repayment Profile of Term Loans is as set out below:

Rate of Interest	Bank/ Loan A/c No.	Nature of Loan	Balance No. of Installments w.e.f. 01.04.2012	Installments ending on
13.25%	OBC/806	Term Loan	53	August 2016
12.25%	OBC/25	Term Loan	8	November 2012
12.25%	OBC/32	Term Loan	9	December 2012
12.25%	OBC/49	Term Loan	14	May 2013
12.25%	OBC/56	Term Loan	9	December 2012
12.25%	OBC/63	Term Loan	28	July 2014
12.25%	OBC/87	Term Loan	6	September 2012
12.25%	OBC/100	Term Loan	6	September 2012
12.25%	OBC/117	Term Loan	21	December 2013
12.25%	OBC/124	Term Loan	21	December 2013
11.75%	OBC/131	Working Capital Term Loan	48	March 2016

(Amount in Rupees)

	As At March 31, 2012	As At March 31, 2011
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NOTE 6 : DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liability

Fixed assets : Impact of difference between depreciatoin as per Income Tax Act and depreciatoin/amortization as per Companies Act.

104,169,549.64 100,851,753.00

Total A

104,169,549.64 100,851,753.00

Deferred Tax Assets

Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis

1,797,423.80 1,887,632.00

Provision of doubtful debts

5,838,056.09 5,038,631.00

Total B

7,635,479.89 6,926,263.00

Net Deferred Tax Liability (A-B)

96,534,069.75 93,925,490.00

NOTE 7 : OTHER LONG TERM LIABILITIES

Security Deposits

257,815.00 -

Total

257,815.00 -

Notes to Financial Statements for the year ended March 31, 2012

(Amount in Rupees)

	As at March 31, 2012	Long-term As at March 31, 2011	As at March 31, 2012	Short-term As at March 31, 2011
NOTE 8 : LONG TERM PROVISIONS				
Provisions for employees benefits				
Provision for Leave Encashment (refer note 21)	3,295,378.00	4,282,498.00	1,098,459.00	-
Provision for Gratuity	-	-	1,146,073.00	1,400,144.00
	3,295,378.00	4,282,498.00	2,244,532.00	1,400,144.00
Other provisions				
Provision for Income Tax (March 31, 2011: Net of advance tax of Rs.141,623,600)	-	-	-	12,196,400.00
Provision for Fringe Benefit Tax	-	-	14,022.00	28,772.00
Provision for Wealth Tax	-	-	127,500.00	84,000.00
Proposed Dividend	-	-	34,223,000.00	34,223,000.00
Tax on Proposed Dividend	-	-	5,551,826.18	5,551,826.00
	-	-	39,916,348.18	52,083,998.00
Total	3,295,378.00	4,282,498.00	42,160,880.18	53,484,142.00

a) Details of movement in provisions

Provision for Rate Reduction

The movement in provision made for rate reduction is given below:

Balance at the beginning of the year	Nil	4,223,254.00
Additional Provision	-	-
Provision Reversed	Nil	4,223,254.00
Balance at the end of the year	-	-

(Amount in Rupees)

	As At March 31, 2012	As At March 31, 2011
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NOTE 9 : SHORT TERM BORROWINGS

Working Capital Facilities from Bank (Secured)	557,072,461.27	377,297,847.00
Total	557,072,461.27	377,297,847.00

- a) Working Capital Facilities include working capital demand loan and packing credit facilities. The same are secured by hypothecation of stock in trade, receivables, mortgage of certain land and building, plant and machinery and other fixed assets and personal guarantee by some of the directors of the Company. The outstanding balance is repayable on demand and carries interest ranging between 10% to 12.5%.

Notes to Financial Statements for the year ended March 31, 2012

(Amount in Rupees)

	As At March 31, 2012	As At March 31, 2011
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NOTE 10 : OTHER CURRENT LIABILITIES

NOTE 10.1 : TRADE PAYABLES

Amount due to Micro Small and Medium Enterprise

Principal Amount	5,683,546.05	5,040,845.00
Interest Payable	64,425.00	34,305.00
Amount due to others	176,541,251.87	181,390,429.09
Creditors for Capital Expenditure	10,821,177.85	9,133,246.00
Total	193,110,400.77	195,598,825.09

- a) Pursuant to amendments to schedule VI to Companies Act, 1956 vide notification number GSR 719 (E) dated November 16, 2007, the amount due as of March 31, 2011 due to Micro, small & medium enterprises as defined in Industries (Development and Regulation) Act, 1951 is as given below :

S.No.	Particulars		
i)	The Principal Amount & Interest due thereon remaining unpaid to any supplier as at March 31, 2012		
	Principal Amount	5,683,546.05	5,040,845.00
	Interest	64,425.00	34,305.00
ii)	The amount of Interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	64,425.00	34,305.00
iii)	The amount of Interest accrued and remaining unpaid for the year ending March 31, 2012	64,425.00	34,305.00
This information has been compiled in respect of parties to the extent they could be identified as Micro, Small-scale and Medium Enterprises on the basis of information available with the management.			

NOTE 10.2: OTHER LIABILITIES

Current maturities of long-term borrowings (refer Note No. 5)	114,593,934.00	123,825,535.00
Unclaimed Dividend	1,883,957.00	1,712,203.00
Other Payables	430,496.61	563,727.00
Statutory Dues Payable	30,335,032.14	14,254,704.58
Total	147,243,419.75	140,356,169.58

- b) The amount of unclaimed dividend does not include any sum payable to Investor Education & Protection Fund

Notes to Financial Statements for the year ended March 31, 2012

NOTE 11 : FIXED ASSETS

(All Amounts in Indian Rupees)									
Particulars	Rates	Gross Block			Depreciation/ Amortization			Net Block	
		As at April 01, 2011	Addition	Deduction	as at March 31, 2012	As at April 01, 2011	For the year	Adjustment during the year	As at March 31, 2012
A. Tangible Assets									
Land		77,636,222.00	1,405,600.00	-	79,041,822.00	-	-	-	79,041,822.00
Buildings	3.34%	195,985,263.00	2,560,113.00	-	198,545,376.00	41,329,059.00	6,487,186.64	-	150,729,130.36
Leasehold Improvements (Buildings)		24,134,164.00	-	-	24,134,164.00	7,290,260.00	2,310,872.00	-	14,533,032.00
Plant and Equipment	7.42%	995,621,393.00	203,366,919.00	5,940,788.00	1,193,047,524.00	403,349,131.00	65,684,493.00	4,155,367.00	728,169,267.00
Furniture and fixtures	6.33%	11,154,069.00	1,372,048.00	-	12,526,117.00	6,079,420.00	874,074.00	-	5,572,623.00
Vehicles	9.50%	25,478,602.00	7,837,284.00	4,903,015.00	28,412,871.00	9,284,632.00	2,655,229.00	2,627,956.00	19,100,966.00
Office Equipments	4.75%	13,736,637.00	2,180,938.00	64,905.00	15,852,670.00	4,524,883.00	828,677.00	11,013.00	10,510,123.00
Total		1,343,746,350.00	218,722,902.00	10,908,708.00	1,551,560,544.00	471,857,385.00	78,840,531.64	6,794,336.00	1,007,656,963.36
B. Intangible Assets									
Computer software	33.33%	1,768,425.00	344,734.00	-	2,113,159.00	49,123.00	671,190.00	-	1,392,846.00
Total		1,768,425.00	344,734.00	-	2,113,159.00	49,123.00	671,190.00	-	1,392,846.00
C. Capital Work in Progress									
CWIP		245,853.00	111,854,704.00	102,146,925.00	9,953,632.00	-	-	-	9,953,632.00
Total		245,853.00	111,854,704.00	102,146,925.00	9,953,632.00	-	-	-	9,953,632.00
Grand Total		1,345,514,775.00	219,067,636.00	10,908,708.00	1,553,673,703.00	471,906,508.00	79,511,721.64	6,794,336.00	1,009,049,809.36
Previous Year		1,177,782,300.00	172,752,945.00	5,020,470.00	1,345,514,775.00	411,136,338.00	64,266,409.00	3,496,238.00	873,608,267.00

Notes to Financial Statements for the year ended March 31, 2012

(Amount in Rupees)

	As At March 31, 2012	As At March 31, 2011
NOTE 12 : NON-CURRENT INVESTMENTS		
Trade Investment (Valued at cost unless stated otherwise)		
Investment in Joint Venture Company	37,500,000.00	17,500,000.00
(Unquoted Equity Instruments) 2,000,000 Shares (March 31, 2011: 1,750,000) of Rs. 10 each in Sterling Fabory India Pvt. Ltd.		
Total	37,500,000.00	17,500,000.00
Aggregate cost of unquoted Investment Rs. 37,500,000.00 (March 31, 2011: Rs. 17,500,000.00)		

(Amount in Rupees)

	As at March 31, 2012	Not-current As at March 31, 2011	As at March 31, 2012	Current As at March 31, 2011
Capital Advances	60,696,314.80	-	-	-
(Unsecured, considered good)				
Security Deposits	6,549,226.22	6,067,231.00	40,000.00	293,535.00
(Unsecured, considered good)				
Fixed Deposit* (refer note 16)	31,000.00	31,000.00	-	-
Advances recoverable in cash or in Kind	75,100.00	243,018.00	50,668,872.10	65,229,847.00
(Unsecured, considered good)				
Prepaid Expenses	1,088,524.00	94,325.00	1,529,060.00	3,829,855.00
Other Loans and advances				
Advance Income Tax	-	-	2,191,097.00	-
(Net of provisions of Rs. 200,659,000.00)				
Balances with Excise Authourties	-	-	14,541,425.00	27,093,975.00
Total	68,440,165.02	6,435,574.00	68,970,454.10	96,447,212.00

* Fixed Deposits receipts are pledged with the bank as margin for letter of credit / Bank Guarantee issued by them.

As At
March 31, 2012

As At
March 31, 2011

NOTE 14 : INVENTORIES

(valued at lower of cost or net realizable value)

Raw Materials (refer note 19)	115,480,330.88	102,863,643.00
Goods in Transit - Raw Material	179,877.73	315,662.00
Work in Process (refer note 20)	121,716,789.71	100,208,422.00
Finished Goods (refer note 20)	182,251,713.62	132,839,074.00
Stores & Consumables	42,827,797.24	29,439,772.00
Tools & Dies	5,369,478.41	7,416,527.00
Scrap (refer note 20)	277,888.00	337,118.00
Total	468,103,875.59	373,420,218.00

Notes to Financial Statements for the year ended March 31, 2012

(Amount in Rupees)

	As at March 31, 2012	Non-Current As at March 31, 2011	As at March 31, 2012	Current As at March 31, 2011
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NOTE 15 : TRADE RECEIVABLES AND OTHER ASSETS

(Unsecured, considered good unless stated otherwise)

NOTE 15.1 : TRADE RECEIVABLES

Outstanding for a period exceeding six months

from the date they are due for payment

Unsecured, considered good	-	-	8,614,607.00	299,032.00
Unsecured, considered doubtful	-	-	17,993,700.00	15,168,604.00
	-	-	26,608,307.00	15,467,636.00
Less: Provision for doubtful debts	-	-	17,993,700.00	15,168,604.00
	-	-	8,614,607.00	299,032.00
Other Receivables	-	-	378,274,263.96	399,058,810.00
	-	-	386,888,870.96	399,357,842.00

NOTE 15.2 : OTHER ASSETS

Interest Accrued but not due	-	-	311,474.00	131,809.00
Export Incentive Receivable	-	-	17,853,662.00	3,322,775.00
	-	-	18,165,136.00	3,454,584.00
Total	-	-	405,054,006.96	402,812,426.00

NOTE 16 : CASH AND BANK BALANCES

Cash & Cash Equivalents

Balances with Scheduled banks :

On current accounts			30,991,598.61	61,725,284.00
Deposits accounts with original maturity less than 3 months*			13,365,000.00	11,770,730.00
On unpaid dividend accounts			1,883,957.00	1,712,203.00
Cash in hand			986,975.11	580,594.00
			47,227,530.72	75,788,811.00

Other Bank Balances

Balances with Scheduled banks :

Deposit Accounts with original maturity more than 12 months*	31,000.00	31,000.00	-	-
Deposit Accounts with original maturity more than 3 months* but less than 12 months	-	-	5,792,850.00	-
	31,000.00	31,000.00	5,792,850.00	-
Amount disclosed under non-current loans & advances (refer note no 13)	(31,000.00)	(31,000.00)		
Total	-	-	53,020,380.72	75,788,811.00

* Fixed Deposits receipts amounting to Rs. 91,57,850.00 are pledged with the bank as margin for letter of credit / Bank Guarantee issued by them.

Notes to Financial Statements for the year ended March 31, 2012

(Amount in Rupees)

	For the year ended March 31, 2012	For the year ended March 31, 2011
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NOTE 17 : REVENUE FROM OPERATIONS

Sale of Products		
Finished Goods	3,144,488,197.32	2,685,677,525.00
Other Operating Revenue		
Steel Scrap Sale	46,268,113.00	39,096,575.00
Income from export incentives	22,836,600.27	1,920,031.00
Revenue From Operations (Gross)	3,213,592,910.59	2,726,694,131.00
Less: Excise duty#	289,015,830.00	245,423,078.00
Revenue From Operations (Net)	2,924,577,080.59	2,481,271,053.00

Excise Duty on sales amounting to Rs. 289,015,830.00 (March 31, 2011 : Rs.245,423,078.00) has been reduced from sales in profit & loss account and Excise duty on increase/decrease in stock amounting to Rs.6,647,341.32 (March 31,2011 : 3,638,090.00) has been considered as (income)/expense in note 23 of financial statements.

a) Detail of Product sold

High Tensile Fasteners	3,144,488,197.32	2,685,677,525.00
	3,144,488,197.32	2,685,677,525.00

b) Earnings in foreign exchange

Export of goods (FOB)	260,404,620.00	126,883,136.00
	260,404,620.00	126,883,136.00

NOTE 18 : OTHER INCOME

Interest Income on		
Fixed Deposits	1,348,795.76	583,396.00
Income tax refund	81,019.00	1,074,237.00
Inter Corporate Deposits	1,146,580.00	-
Miscellaneous Scrap	1,262,779.00	1,156,756.00
Exchange fluctuation	-	1,968,573.00
Insurance claim received	112,500.00	-
Sundry Balance Written Back	709,569.90	-
Total	4,661,243.66	4,782,962.00

NOTE 19 : COST OF RAW MATERIAL CONSUMED

Balance at the beginning of the year	102,863,642.78	62,124,997.00
Add : Purchases during the year	1,429,516,642.90	1,268,786,337.00
	1,532,380,285.68	1,330,911,334.00
Less:- Balance at the end of the year	115,480,330.88	102,863,643.00
Cost of Raw Material Consumed	1,416,899,954.80	1,228,047,691.00
a) Details of Raw material consumed		
Cold Head Quality Steel Wire/Wire Rods/Others	1,416,899,954.80	1,228,047,691.00
	1,416,899,954.80	1,228,047,691.00
b) Details of Closing Inventory		
Cold Head Quality Steel Wire/Wire Rods/Others	115,480,330.88	102,863,643.00
	115,480,330.88	102,863,643.00

Notes to Financial Statements for the year ended March 31, 2012

(Amount in Rupees)

	As At March 31, 2012	As At March 31, 2011
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NOTE 19 : COST OF RAW MATERIAL CONSUMED Contd..

c) CIF value of Imports		
Raw Materials	373,352,831.00	338,118,675.00
Consumable stores & tools	26,208,919.00	34,004,134.00
Capital goods	138,463,520.00	83,093,593.00
	538,025,270.00	455,216,402.00

	%	March 31, 2012 Value (Rs.)	%	March 31, 2011 Value (Rs.)
d) Details of Imported and Indigenous Raw materials Consumed				
Imported	25.45	360,629,142.00	25.98	319,042,235.00
Indigenous	74.55	1,056,270,812.00	74.02	909,005,456.00
	100	1,416,899,954.00	100	1,228,047,691.00

	For the year ended March 31, 2012	For the year ended March 31, 2011	(Increase)/ Decrease
NOTE 20: CHANGES IN INVENTORIES IN FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE			
Inventories at the beginning of the year			
Finished Goods	132,839,074.33	87,624,825.00	45,214,249.33
Work in progress	100,208,422.00	47,051,604.00	53,156,818.00
Scrap	337,118.00	56,866.00	280,252.00
	233,384,614.33	134,733,295.00	98,651,319.33
Inventories at the end of the year			
Finished Goods	182,251,713.62	132,839,074.33	49,412,639.29
Work in progress	121,716,789.71	100,208,422.00	21,508,367.71
Scrap	277,888.00	337,118.00	(59,230.00)
	304,246,391.34	233,384,614.33	70,861,777.01
(Increase) / Decrease in inventories	(70,861,777.01)	(98,651,319.33)	-

	As At March 31, 2012	As At March 31, 2011
NOTE 21 : EMPLOYEE BENEFIT EXPENSE		
Salary, Wages & Bonus	233,172,462.00	190,679,713.00
Contribution to Provident & other Funds	15,925,801.00	11,215,030.00
Gratuity	3,242,006.00	1,952,248.00
Staff Welfare Expenses	8,724,706.84	7,972,754.00
Total	261,064,975.84	211,819,745.00

(a) Employee Benefits

The Company has classified the various benefits provided to employees as under:-

(i) Defined Contribution Plan

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

Notes to Financial Statements for the year ended March 31, 2012

The Company recognized Rs 12,348,714/- (March 31, 2011: Rs. 9,260,602/-) for provident fund contributions and Rs 3,558,133 /- (March 31, 2011: 3,281,809/-) for ESI contribution in the profit and loss account. The contribution payable to these plans by the Company is at rates specified in the rules of the schemes.

(ii) Defined Benefit Plan

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations. The obligation for leave encashment is recognized in the same manner as gratuity.

I. Reconciliation of opening and closing balances of Defined Benefit Obligations

	Gratuity (Funded)		Earned leave (Unfunded)	
	March 31,2012	March 31,2011	March 31,2012	March 31,2011
Defined benefit obligations at beginning of the year	16,352,071	13,974,785	4,282,498	33,57,427
Current Service Cost	2,960,940	2,770,576	1,691,738	18,07,593
Interest Cost	1,308,166	1,117,983	342,600	2,68,594
Actuarial (gain)/loss	316,112	(824,138)	(1,080,998)	10,459
Benefits paid	1,590,319	687,135	842,001	11,61,575
Defined Benefit Obligations at year end	19,346,970	16,352,071	4,393,837	42,82,498

II. Reconciliation of opening and closing balances of fair value of plan assets

	Gratuity (Funded)		Earned leave (Unfunded)	
	March 31,2012	March 31,2011	March 31,2012	March 31,2011
Fair value of plan assets at beginning of the year	14,951,927	12,283,341	N.A	N.A
Expected Return on plan assets	1,343,212	1,112,173	-	-
Contribution	3,496,077	2,243,548	-	-
Actuarial (gain)/loss	-	-	-	-
Benefits paid	1,590,319	687,135	-	-
Fair value of plan assets at the year end.	18,200,897	14,951,927	N.A	N.A

III. Reconciliation of fair value of assets and obligations

	Gratuity (Funded)		Earned leave (Unfunded)	
	March 31,2012	March 31,2011	March 31,2012	March 31,2011
Fair value of plan assets at 31 March 2011	16,352,071	14,951,927	4,282,498	N.A
Present value of obligation as at 31 March 2012	19,346,970	16,352,071	4,393,837	4,282,498
Amount recognized in balance sheet	2,994,899	1,400,144	111,339	42,82,498

IV. Expenses recognized during the year

	Gratuity (Funded)		Earned leave (Unfunded)	
	March 31,2012	March 31,2011	March 31,2012	March 31,2011
Current Service Cost	2,960,940	27,70,576	1,691,738	18,07,593
Interest Cost	1,308,166	11,17,983	342,600	2,68,594
Expected return on plan assets	1,343,212	11,12,173	Nil	Nil
Actuarial (gain)/loss	316,112	(824,138)	(1080998)	10,459
Net Cost	3,242,006	19,52,248	953,540	20,86,646

Notes to Financial Statements for the year ended March 31, 2012

V. Actuarial Assumptions

	Gratuity (Funded)		Earned leave (Unfunded)	
	March 31,2012	March 31,2011	March 31,2012	March 31,2011
Discount Rate (per annum)	8%	8%	8%	8%
Future increase in compensation	7%	7%	7%	7%
Expected rate of return on plan assets	8.98%	9.05%	N.A	N.A
In Service Mortality	L.I.C 1994-96	L.I.C 1994-96	L.I.C 1994-96	L.I.C 1994-96
	Ultimate	Ultimate	Ultimate	Ultimate
Retirement age	58 Years	58 Years	58 Years	58 Years
Withdrawal rates	1.00 % p.a	1.00 % p.a	1.00 % p.a	1.00 % p.a

Note: The Estimate of rate of escalation in Salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors on long term basis including supply and demand in the Employment market.

(Amount in Rupees)

	As At March 31, 2012	As At March 31, 2011
NOTE 22 : FINANCE COST		
Interest Expense	93,971,789.58	61,690,234.87
Bank Charges	3,404,633.83	4,868,645.00
Exchange Fluctuation	3,373,466.33	-
Total	100,749,889.74	66,558,879.87

NOTE 23 : OTHER EXPENSES

Consumable Stores & tools	276,223,885.31	211,578,437.00
Other Manufacturing Exp.	88,431,488.45	86,033,779.00
Packing materials consumed	59,325,501.51	42,944,530.00
Increase Decrease in Excise Duty	6,647,341.32	3,638,090.00
Power & Fuel	202,623,184.75	167,748,798.00
Rent (refer note 25)	6,305,600.00	6,018,864.00
Repairs : Building	23,077,604.01	10,924,783.00
Repairs : Plant & Machinery	64,230,871.59	72,448,476.00
Insurance	3,491,453.10	2,201,667.00
Rates and taxes	1,111,251.14	2,036,283.00
Payment to Auditors (refer note 24)	724,645.00	631,665.00
Freight Outward	74,384,602.13	59,255,193.00
Commission to Director	7,347,000.00	7,500,000.00
Exchange Fluctuation	3,010,216.08	-
Provision for Doubtful Debts	17,993,700.37	10,150,957.00
Prior Period Expenses (refer details below)	1,635,555.00	220,936.00
Travelling & conveyance expenses	22,319,591.07	18,076,397.00
Cash discount on Sales	21,917,951.29	16,969,308.80
Miscellaneous Expenses	57,013,874.39	51,449,786.33
Total	937,815,316.51	777,819,072.13

Notes to Financial Statements for the year ended March 31, 2012

	(Amount in Rupees)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
NOTE 23 : OTHER EXPENSES Contd..		
a) Prior period expenditures include		
Rates & Taxes	10,962.00	-
Interest On Vehicle Loan	1,248.00	-
Freght Outward	85,808.00	151,771.00
Raw Material Consumed	1,537,537.00	-
Sales Promotion	-	59,165.00
Rent	-	10,000.00
Total	1,635,555.00	220,936.00

		March 31, 2012 Value (Rs.)	March 31, 2011 Value (Rs.)
	%		%
b) Details of Imported and Indigenous Stores Consumed			
Imported	9.49	26,208,919.00	16.07
Indigenous	90.51	250,014,966.31	83.93
	100	276,223,885.31	100

	(Amount in Rupees)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
c) Expenditure in foreign currency		
Travelling	1,235,213.00	1,097,036.00
Others	4,942,015.00	3,846,587.00
Total	6,177,228.00	4,943,623.00

NOTE 24 : PAYMENT TO AUDITORS

As Auditor		
Audit Fee	475,000.00	375,000.00
Tax Audit Fee	85,000.00	65,000.00
Limited Review	75,000.00	75,000.00
	635,000.00	515,000.00
In Other Capacity		
Other Matters	40,000.00	67,500.00
Out of pocket expense	49,645.00	49,165.00
	89,645.00	116,665.00
Total	724,645.00	631,665.00

Notes to Financial Statements for the year ended March 31, 2012

NOTE 25: LEASES

The details of Leases in compliance of AS 19 are as under:

Assets taken on operating leases:

- a) The Company has taken Factory Premises on non-cancellable operating lease from Haryana Ispat Pvt. Ltd. Agreement of Lease is renewed on 01.01.2012. Lease Agreement is valid for the further period of 4.75 years. Lease rental amounting to Rs 5,874,000 (March 31,2011: Rs. 5, 625,000) has been debited to Profit and Loss Account. Future minimum lease rentals as on 31 March 2012 are as under:

Particulars	(Amount in Rupees)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Not later than one Year	6,075,000.00	4,374,000.00
Later than one year and not later than five years	25,578,768.00	-
Total	31,653,768.00	4,374,000.00

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Plot No. 81, Sector 25, Ballabhgarh, Faridabad. (Factory Premise)	31.12.2016	Yes	Yes	No

- b) The Company has taken office space on operating cancelable lease. Lease Agreement is valid for the further period of 0.9 years as on March 31,2012. Lease rental amounting to Rs.120,000 (March 31,2011: 120,000) has been debited to Profit and Loss Account.

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
A-40, Mohan Co-Operative Industrial Estate, New Delhi	01.03.2013	No	Yes	No

- c) The Company has taken Nitrogen Plant on non-cancellable operating lease from Air Liquid North India Pvt. Ltd. Lease Agreement is valid for the further period of 4.8 years. Lease rental amounting to Rs 60,000 (March 31,2011: Rs. Nil) has been debited to Profit and Loss Account. Future minimum lease rentals as on 31 March 2012 are as under:

Particulars	(Amount in Rupees)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Not later than one Year	480,000.00	-
Later than one year and not later than five years	1,860,000.00	-
Total	2,340,000.00	-

Details of Leasing Agreement is enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Nitrogen Plant	15.02.2017	Yes	Yes	No

- d) The Company has taken Gas Bullets on non-cancelable operating lease. Lease Agreement is valid for the further period of 4.5 years as on 31 March 2011 however same was terminated during the year with mutual consent of Party. Lease rental amounting to Rs. Nil/- (March 31,2011: Rs. 133,344) has been debited to Profit and Loss Account.

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
2 Bullets of 5 MT (10,000 Lts water capacity)	01.04.2011	No	No	No

Notes to Financial Statements for the year ended March 31, 2012

- e) The Company has taken a godown on cancelable operating lease. Lease Agreement is valid up to 31.05.2011. Lease rental amounting to Rs.50,000/- (March 31,2011: Rs. 292,800/-) has been debited to Profit and Loss Account.
- f) The Company has taken furnished office space on operating cancelable lease. Lease Agreement is valid for the further period of 1 year as on 31 March 2012. Lease rental amounting to Rs.201,600 (March 31,2011: 192,000/-) has been debited to Profit and Loss Account.

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Office Space, Jamshedpur	31.03.2013	Yes	Yes	No

(Amount in Rupees)

	For the year ended March 31, 2012	For the year ended March 31, 2011
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NOTE 26: EARNING PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS Computation:-

Profit after Tax	147,600,960	158,545,988
Weighted average equity Shares outstanding (Nos)	6,844,600	6,844,600
Earning per Share - basic/diluted (Rs)	21.56	23.16

NOTE 27: RELATED PARTY DISCLOSURES

Name of the Related Parties and description of relationship:

Associates	Haryana Ispat Pvt. Ltd. Sterling Technologies Pvt Ltd. Sterling Automobiles Pvt. Ltd. Jaycee Automobiles Pvt. Ltd.
Key Management Personnel	Mr. M. L. Aggarwal - Chairman Mr. Anil Aggarwal – Managing Director Mr. Atul Aggarwal – Whole Time Director Mr. Anish Aggarwal – Relative of Key Management Personnel
Joint Venture Company	Sterling Fabory India Pvt. Ltd

(Amount in Rupees)

	As At 31 March, 2012	As At 31 March, 2011
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Disclosure of Related Parties Transactions:

Transaction with Associates

Sale of Assets

Sterling Automobile Pvt. Ltd.	660,250.00	375,500.00
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Expenses paid- R&M

Sterling Automobile Pvt. Ltd.	157,439.00	358,572.00
Jaycee Automobile Pvt. Ltd.	259,353.00	241,184.00

Notes to Financial Statements for the year ended March 31, 2012

(Amount in Rupees)

	As At 31 March, 2012	As At 31 March, 2011
NOTE 27: RELATED PARTY DISCLOSURES Contd..		
Rent paid		
Haryana Ispat Pvt. Ltd.	5,891,622.00	5,625,000.00
Sterling Automobiles (P) Limited	120,000.00	130,000.00
Sterling Technologies Pvt. Ltd.	50,150.00	292,800.00
Purchase of Asset		
Sterling Automobile Pvt. Ltd.	-	1,439,078.00
Jaycee Automobile Pvt. Ltd	4,900,035.00	-
Sterling Fabory India Pvt. Ltd	530,000.00	-
Sterling Automobiles Pvt. Ltd	1,316,205.00	-
Sale Of Material		
Sterling Fabory (I) (P) Limited	3,443,860.00	6,209.00
Purchase of Material		
Sterling Fabory (I) (P) Limited.	6,943,289.00	482,105.00
Transaction with Joint Venture Company		
Investment in Shares of JV company	20,000,000.00	17,500,000.00
Transaction with Key Management Personnel		
Remuneration Paid		
Mr. Manohar Lal Aggarwal	8,217,700.00	7,812,328.00
Mr. Anil Aggarwal	7,666,003.00	7,266,950.00
Mr. Atul Aggarwal	7,434,869.00	7,073,608.00
Mr. Anish Aggarwal	74,277.00	-
Outstanding Balances		
Joint Venture Company- Receivables		
Sterling Fabory India Pvt Ltd.	900,527.00	475,896.00
Total	900,527.00	475,896.00
Key Management Personnel - Remuneration payable		
Mr. Manohar Lal Aggarwal	1,952,067.00	1,890,302.00
Mr. Anil Aggarwal	1,926,484.00	1,789,557.00
Mr. Atul Aggarwal	1,870,737.00	1,816,149.00
Mr. Anish Aggarwal	24,759.00	-
Total	5,774,047.00	5,496,008.00

NOTE 28: CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on the capital account and not provided for in the account Rs.241,109,825 (March 31,2011: Rs. 924,761).

Notes to Financial Statements for the year ended March 31, 2012

(Amount in Rupees)

	As At 31 March, 2012	As At 31 March, 2011
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NOTE 29: CONTINGENT LIABILITIES

S.No.	Particulars		
i)	Bills Discounted	8,549,731.00	74,008,336.00
ii)	Disputed Liability under Central Excise Act*	296,338,501.00	299,863,715.00
iii)	Letter of Credit (Net of Margin)	77,490,416.00	132,555,964.00
iv)	Bank Guarantee (Net of Margin)	3,089,052.00	-
v)	Guarantee towards repayment of EMI of car loans taken by the employees from MUL	581,150.00	1,262,625.00
vi)	EPCG –Export Obligation	388,178,865.00	153,407,858.00

*Excise demand amounting to Rs. 189,015,254 for the period June 2006 to Dec 2008 and Rs. 106,987,422 for the period January 2009 to October 2010 under Central Excise Act for dispute regarding assessable value with reference to MRP which is pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), New Delhi. However, Company is contesting the Demands, and therefore took an Stay order (No. SO/677-678/2012-EX (DB)) dated 23 April 2012 against the appeal and demand of Excise Duty.

NOTE 30: DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

a) Derivative instruments outstanding as at balance sheet date

Category of Derivative Instruments	Purpose of Derivative Instrument	Number of Contracts	Amount of Hedged Foreign Currency
Forward Contracts (Buy)			
As at 31.03.2011	Hedging	Two	US\$ 644,845.04
As at 31.03.2012	Hedging	One	US\$ 236,090.42

b) Foreign currency exposure not hedged by derivative instruments or otherwise:-

Particulars	As at March 31, 2012 Foreign Currency	INR	As at March 31, 2011 Foreign Currency	INR
Foreign currency exposure not hedged (Sell)	325,634 EURO	21,632,854	506,013 EURO	26,284,451
	121,062 USD	6,365,835	151,301 USD	6,755,581
			- GBP	-
Foreign currency exposure not hedged (Buy)	19,641 USD	985,105	31,160 USD	13,91,280

Note 31 In view of the management, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet as at 31.03.2012.

Note 32 Since the Company's business activity falls within a single primary business segment and also there is no significant reportable geographical segment, hence no disclosure have been made as specified in Accounting Standard (AS-17) "Segment Reporting".

Note 33 The closing balances of debtors, creditors and loans and advances are subject to confirmation.

Note 34 Till the year ended 31 March, 2011, the company was using pre-revised schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March, 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company. The company has reclassified, regrouped or recasted previous year figures to confirm to this year's classification.

For & on behalf of Board of Directors

(M. L. AGGARWAL)
Chairman
DIN No. 00027380

(ANIL AGGARWAL)
Managing Director
DIN No. 00027214

PLACE: NEW DELHI
DATE : 15.05.2012

(SANJEEV BHARADWAJ)
Vice President (Finance)

(VAISHALI SINGH)
Company Secretary

Information pursuant to part IV of schedule VI of the Companies Act, 1956

Balance Sheet Abstract and Company's general business profile

I. Registration details

Registration No. State Code
 Balance Sheet Date
 Day Month Year

II. Capital raised during the year (amount in Rs. thousands)

Public Issue Right Issue
 Bonus issue Private Placement

III. Position of mobilisation and deployment of funds (amount in Rs. thousands)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves and Surplus
 Secured Loans Unsecured Loans
 Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Miscellaneous Expenditure
 Accumulated Losses

IV. Performance of Company (amount in thousands)

Turnover Total Expenditure
 Profit/Loss Before Tax Profit/Loss After Tax
 Please tick Appropriate box (+) for Profit (-) for loss
 Earning per Share (Rs.) Dividend Rate%

V. Generic names of three principal products/services of Company (as per monetary terms)

Item Code No.
 (ITC Code)
 Product Description

STERLING TOOLS LIMITED

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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**PROXY**

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

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.

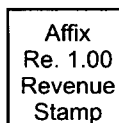
Signature of the shareholder(s)

Signature of Proxy

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

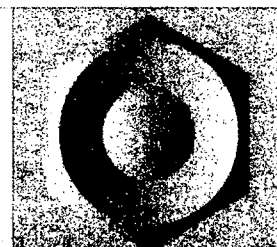
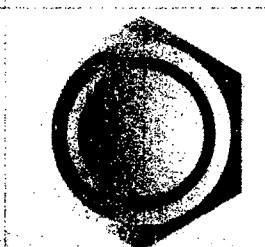
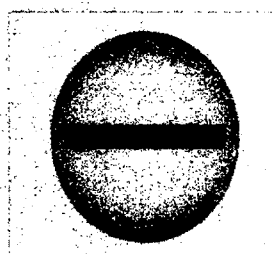
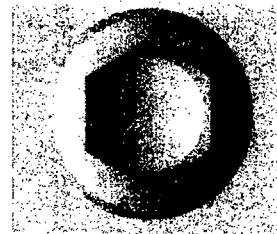
* Applicable for investors holding shares in electronic form

Date : / /2012



2. _____

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.



STERLING TOOLS LIMITED



Regd. 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: +91-129-227 0621
Fax: +91-129-227 7359

Pune Office:

SC-1-22 & 23, 3rd Floor
Kohinoor Estate Wakdewadi
Bombay - Poona Road
Pune - 411 003
Telefax: +91-20-2581 1566
E-mail: santoshp@stlfasteners.com

Chennai Office:

606, 6th Floor, Challa Mall
11 & 11A Sir Thiagaraya Road
T.Nagar Chennai - 600 017
Telefax: +91-44-4212 9372
E-mail: pushpanathan@stlfasteners.com

Works

5-A DLF Industrial Estate
Faridabad - 121 003, Haryana (India)
Tel: +91-129-227 0621 to 24, 225 5551 to 53
Fax: +91-129-227 7359
E-mail: sterling@stlfasteners.com

49 K.M. Stone Delhi Mathura Road
Village - Prithla, Tehsil - Palwal
Distt. - Palwal, Haryana (India)
Tel: +91-1275-270 134 to 136

81, Sector - 25, Ballabhgarh
Faridabad, Haryana (India)
Telefax: +91-129-406 3462 3463

Website: www.stlfasteners.com

