

QUARTERLY COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Name of the Company : **STERLING TOOLS LIMITED**

Quarter Ending on : **31ST DECEMBER, 2011**

Particulars	Clause of Listing Agreement	Compliance Status Yes/No	Remarks
I. Board of Directors	49 (I)	Yes	
<i>(A) Composition of Board</i>	49 (IA)	Yes	Comprises 3 Executive and 3 Non-Executive/ Independent Directors
<i>(B) Non-executive Directors' compensation & disclosures</i>	49 (IB)	Yes	No compensation except the sitting fees is paid to Non-executive Directors
<i>(C) Other provisions as to Board and Committee</i>	49 (IC)	Yes	
<i>(D) Code of Conduct</i>	49 (ID)	Yes	
II. Audit Committee	49 (II)	Yes	
<i>(A) Qualified & Independent Audit Committee</i>	49 (IIA)	Yes	
<i>(B) Meeting of Audit Committee</i>	49 (IIB)	Yes	The Committee is regular in holding meetings. In last quarter, Audit Committee Meeting was held on 31 st October, 2011.
<i>(C) Power of Audit Committee</i>	49 (IIC)	Yes	
<i>(D) Role of Audit Committee</i>	49 (IID)	Yes	
<i>(E) Review of Information by Audit Committee</i>	49 (IIE)	Yes	
III. Subsidiary Companies	49 (III)	N.A.	There is no Subsidiary Company.
IV. Disclosure	49 (IV)	Yes	
<i>(A) Basis of related party transactions</i>	49 (IVA)	Yes	
<i>(B) Disclosure OF Accounting Treatment</i>	49 (IVB)	Yes	
<i>(C) Board Disclosures</i>	49 (IVC)	Yes	
<i>(D) Proceeds from Public issues, right issues, preferential issues etc.</i>	49 (IVD)	N.A.	
<i>(E) Remuneration of Directors</i>	49 (IVE)	Yes	For the Financial year 2010-2011, it has been duly disclosed in the Annual Report and for the Financial Year 2011-2012, Will be complied with at the time of next Annual Report
<i>(F) Management</i>	49 (IVF)	Yes	-Do-
<i>(G) Shareholders</i>	49 (IVG)	Yes	It was duly complied with at the time of Annual General Meeting held on 06.07.2011

V. CEO/CFO Certification	49 (IV)	Yes	For the Financial Year 2010-2011, it has been duly annexed in the Annual Report and for the Financial Year 2011-12, will be complied with at the time of finalization of Annual Balance Sheet
VI. Report on Corporate Governance	49 (VI)	Yes	For the Financial Year 2010-2011, it has been duly annexed in the Annual Report and for the Financial Year 2011-2012, will be complied with at the time of next Annual Report
VII. Compliance	49 (VII)	Yes	-Do-

Notes:

1. The details under each head shall be provided to incorporate all the information required as per the provisions of the Clause 49 of the Listing Agreement.
2. In the column No. 3, compliance or non-compliance may be indicated by Yes/No/N.A. For example, if the Board has been composed in accordance with the clause 49 I of the Listing Agreement, "Yes" may be indicated. Similarly, incase the company has not come out with an IPO, the words "N.A." may be indicated against 49 (IVA).
3. In the remarks column, reasons for non-compliance may be indicated, for example, in case of requirement related to circulation of information to the shareholders, which would be done only in the AGM/EGM, it might be indicated in the "Remarks" column – "will be complied with at the AGM". Similarly, in respect of matters, which can be complied with only where the situation arises, for example, "Report on Corporate Governance" is to be a part Annual Report only, the words "will be complied in the next Annual Report" may be indicated.