

Q1 FY2014 PAT growth of 17.3% and EBITDA margin expands to 14.8%

(Rs. Million)	Q1		y-o-y	Q4		q-o-q
	FY2014	FY2013	Growth (%)	FY2013	Growth (%)	
Total Income	636	711	(10.5)%	708	(10.2)%	
EBITDA	94	95	(0.5)%	69	37.6%	
Margin (%)	14.8%	13.4%		9.7%		
Profit Before Tax	49	44	11.4%	49	(0.2)%	
Margin (%)	7.8%	6.2%		7.0%		
Profit After Tax (PAT)	31	26	17.3%	36	(13.8)%	
Margin (%)	4.8%	3.7%		5.0%		
Basic EPS (Rs.)	4.50	3.83	17.5%	5.22	(13.8)%	

Commenting on the results, **Mr. Atul Aggarwal, Whole Time Director of Sterling Tools Limited** said:

“As the auto sector continues to experience demand pressure from end customers, major OEMs have reduced their inventory levels in response. This clearly has an impact on auto component suppliers and as a result STL has experienced reduced sales volumes during the quarter. However, I am pleased to report a profit growth of over 17% year on year. This performance has been achieved by a combination of factors including reduced finance costs, optimized inventory management coupled with effective cost control measures. These have also translated into a significant operating profit margin expansion during a difficult time in the industry. Our capital structure remains robust and management is not planning any near term major capital expenditure and our capital structure remains robust. STL is focused on becoming the supplier of choice for special fasteners to the Tier-I OEM companies worldwide”

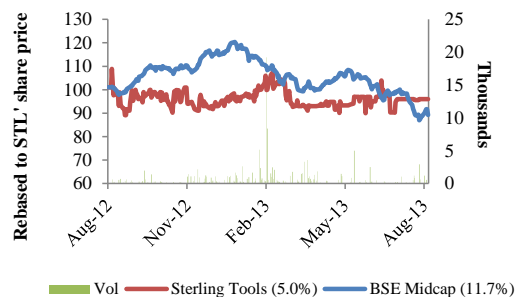
Commentary Q1 FY2014 vs. Q1 FY2013

- Total Income decreased by 10% y-o-y. Sales volume declined by 12% y-o-y, primarily due to subdued performance of auto industry. Export volumes have been effectively flat although export realizations benefited to some extent due to recent depreciation of the Rupee
- The increase in other operating income is mainly due to duty drawbacks and export incentives that the Company has received
- EBITDA remained relatively flat. Reduction in raw material cost led to improvement in margin by 150 bps. Production volumes have increased sequentially although decreased by 7% y-o-y
- Net Profit increased by 17.3% y-o-y. Reduced interest rates from banks and a reduction in working capital requirements due to better management of inventories led to improvement of PAT margins by 110 bps

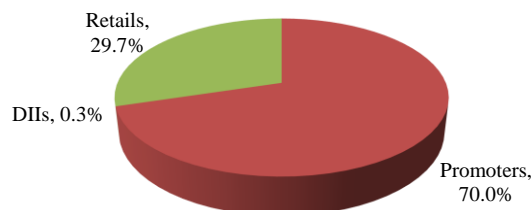
Market Data (16 August 2013)

Share Price	Rs. 96.00
Market Cap (Rs. mn)	657
Enterprise Val (Rs. mn)	670
Out. Shares (mn)	6.845
Free Float (%)	35%
FY2012 Dividend/yield	Rs. 5.00 /5.3%
52 Week H/L (Rs.)	118.70 /79.00
12m ADT (Rs. '000)	66
Bloomberg	STRT:IN
Sector	Auto Parts & Equipment

Share Price Performance



Shareholding Pattern



Business Overview

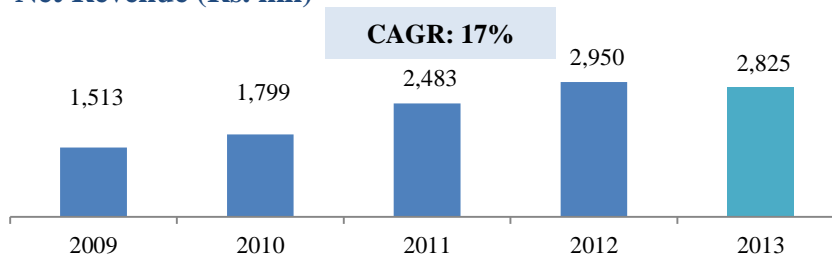
Sterling Tools Limited (STL), founded in 1979, engages in manufacturing of high-tensile (HT) cold forged fasteners mainly for automobiles. The Company is one of top 3 fasteners manufacturers in India and caters to leading automotive companies in India, Europe, South America and USA-NAFTA. STL has 3 plants which are located in Faridabad and has over 1,000 employees.

The product portfolio includes special fasteners, standard fasteners, surface treatment and coatings, chassis fasteners and engine fasteners.

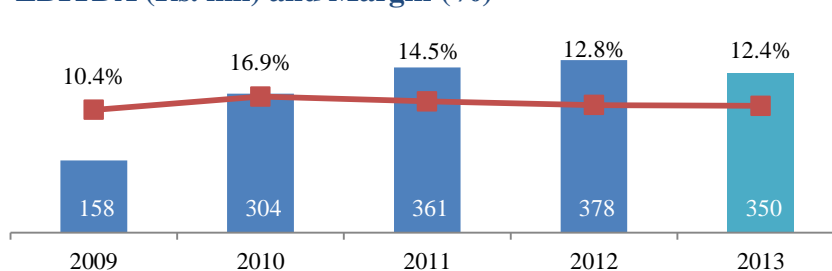
Name Management Position

ML Aggarwal	Chairman
Anil Aggarwal	Managing Director
Atul Aggarwal	Whole Time Director, Finance and Marketing

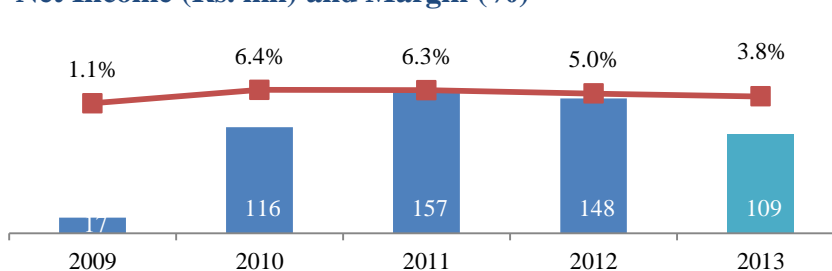
Net Revenue (Rs. mn)



EBITDA (Rs. mn) and Margin (%)



Net Income (Rs. mn) and Margin (%)

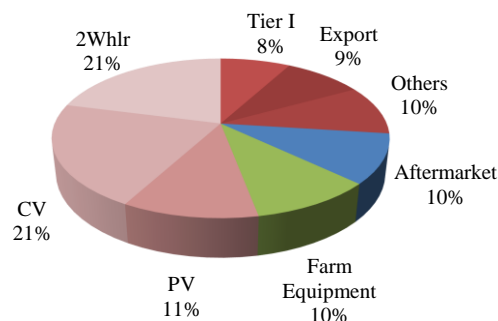


Valuation Metrics

FYE Mar 31	FY12	FY13
EV/Revenue	0.2x	0.2x
EV/EBITDA	1.8x	1.9x
P/E	4.5x	6.0x
P/BV	0.8x	0.7x

Sterling Tools - FY2013

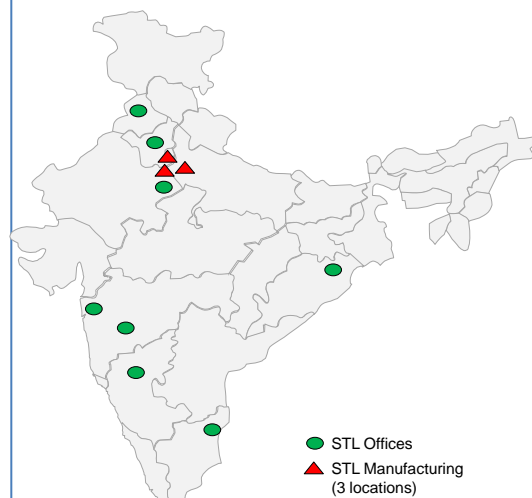
Revenue by End Markets




Global Partners



Domestic Network



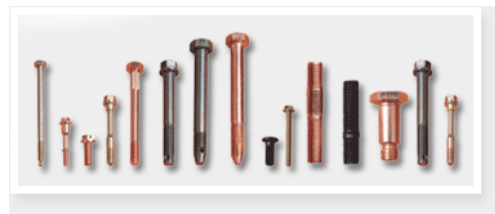
Company Factsheet

Market Positioning	Best-in-Class Operations	Blue Chip Customer Base	Strategic Vision
<ul style="list-style-type: none"> One of the top 3 manufacturer of fasteners in India Created a niche for itself as a supplier to the leaders in the various segments of the automobile industry Caters to varied and customised demand of clients Largest supplier of HT fasteners to Honda and the second-largest supplier to Maruti and Tata 	<ul style="list-style-type: none"> Three manufacturing plants having a total capacity of 38,400 MT located at Faridabad Product range includes over 2,000 types of fasteners ranging from 5 mm to 24 mm in diameter State of the art in-house R&D and technical centre Certifications: ISO 14001:2004 , ISO/TS - 16949:2002 and AS 9100 and ISO 17025 Certification by NABL 		<ul style="list-style-type: none"> Become a specialty manufacturer of engine and special fasteners Supplier of special fasteners to the Tier-I companies world wide Transform from a manufacturer to a value chain partner Achieve best standards through continuous up-gradation and enhancement of process capabilities

Product Profile

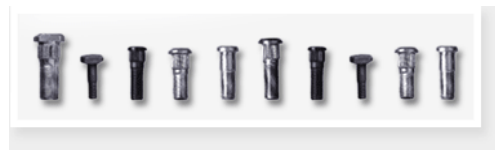
Special Fasteners

- Special fasteners are manufactured to meet unique customer specifications
- Available in a variety of surface protection coatings



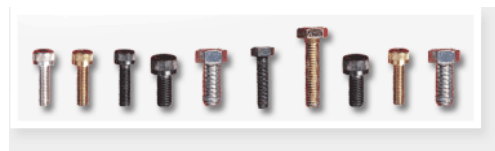
Standard Fasteners

- Standard fasteners include socket head cap screws, hexagonal head bolts, studs, hexagon nuts and weld nuts
- The dual benefits of better fatigue resistance and superior strength have made these fasteners a popular choice



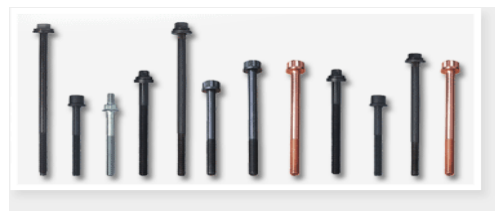
Chassis Fasteners

- Chassis fasteners include hub/wheel bolts, hub nuts, wheel studs, suspension bolts, propeller shaft bolts/nuts, centre bolts, track shoe bolts/nuts & 2 wheeler spindles/wheel axles
- Used in automobiles and heavy earth moving equipment's



Engine Fasteners

- Engine fasteners include cylinder head bolts/screws, fly wheel nuts/bolts, connecting rod bolts/nuts, balance weight bolts and main bearing cap bolts
- Widely used in internal combustion engines





Important Notice

Information Sources: Share price information is sourced from FactSet. Company description and financials are sourced from annual reports and presentations. Net debt is as of Mar 31, 2013.. Free float: Shareholdings of investors that would not, in the normal course, come into the open market for trading are treated as 'Controlling/ Strategic Holdings' and hence not included in free-float.

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