

### Q3 FY2014 PAT growth of 87% and EBITDA margin expands to 14.8%

(Rs. Crores)	Q3		y-o-y	Q2		YTD		y-o-y
	FY2014	FY2013	Growth (%)	FY2014	Growth (%)	FY2014	FY2013	Growth (%)
Total Income	74.0	68.9	7.4%	78.4	(5.6)%	216.0	212.0	1.9%
EBITDA	10.9	8.5	28.0%	12.0	(8.8)%	32.5	26.4	22.9%
Margin (%)	14.8%	12.4%		15.3%		15.0%	12.5%	
Profit Before Tax	6.4	3.9	61.4%	6.8	(7.1)%	18.1	12.4	46.8%
Margin (%)	8.6%	5.7%		8.7%		8.4%	5.8%	
Profit After Tax (PAT)	4.2	2.2	87.2%	4.9	(14.5)%	12.1	7.3	66.2%
Margin (%)	5.6%	3.2%		6.2%		5.6%	3.4%	
Basic EPS (Rs.)	6.10	3.26	87.1%	7.14	(14.6)%	17.74	10.67	66.3%

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

“Reduced industrial activity, high levels of inflation and rising fuel prices continue to impact the overall automotive industry. Post the festive season, production volumes were further impacted as OEMs implemented active inventory control programs coupled with weaker consumer sentiment. Despite this challenging environment, we continue to report a satisfactory performance with a y-o-y EBITDA growth of 28% and PAT growth of 87%. During Q3 FY2014, we also deleveraged our balance sheet significantly as a result of better working capital management. We do not expect any sharp recovery in the industry demand volumes in the near term. Management remain focused on enhancing operational efficiencies and customer relationships. We are pleased to announce an interim dividend of 50% as our continuous commitment to our valued shareholders.”

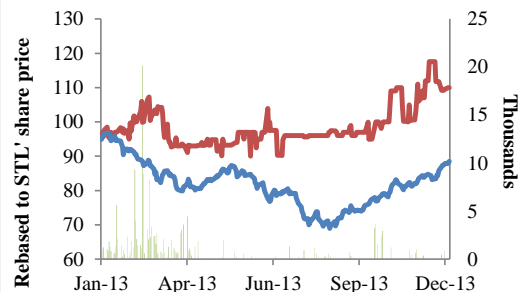
#### Commentary Q3 FY2014 vs. Q3 FY2013

- Total Income increased by 7.4% y-o-y with sales volumes increasing by 3.4% y-o-y. Average selling price increased by 4.3% y-o-y. During the current quarter, domestic sales volumes remained under pressure although export volumes experienced a steady growth. Exports now contribute ~15% of total sales
- EBITDA margins improved significantly by 237 bps. Margins benefitted from better price realization, optimized cost of production and increase in Other Income. Other Income increased by 81% to Rs. 0.2 Crores in Q3 FY2014. Production volumes increased by 3.4% y-o-y with slight moderation in utilization levels
- Net Profit increased by 87.2% y-o-y with margins further improving by 240 bps due to improved EBITDA margins and higher incidence of tax in Q3 FY2013. Interest expense decreased from Rs. 2.6 Crores in Q3 FY2013 to Rs. 1.9 Crores in Q3 FY2014. This decrease is primarily due to better inventory management and a corresponding decrease in working capital requirements
- Interest coverage increased from 2.30x to 4.43x in Q3 FY2014

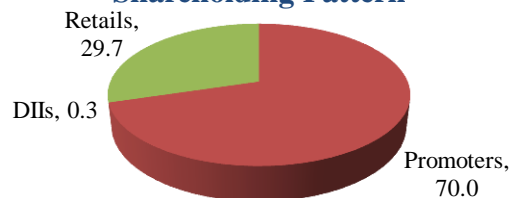
#### Market Data (23 January 2014)

Share Price (Rs.)	118.5
Market Cap (Rs. Crores)	81.1
EV (Rs. Crores)	161.9
Outstanding Shares	6,844,600
Free Float (%)	34.5%
FY2013 Dividend/yield	Rs. 5.00 / 5.3%
52 Week H/L (Rs.)	124.4/86.1
12m ADT (Rs. '000)	160
Bloomberg	STRT:IN
Sector	Auto Parts & Equipment

#### Share Price Performance



#### Shareholding Pattern



### Business Overview

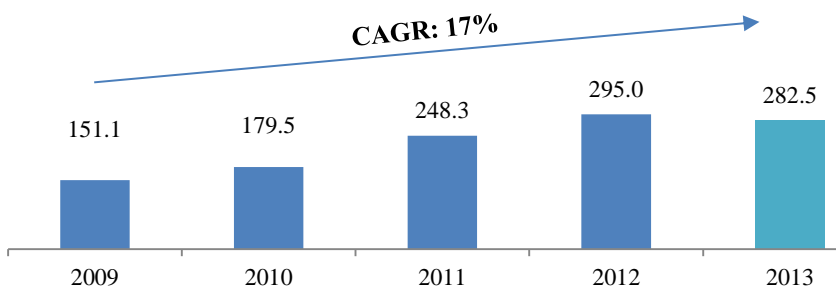
Sterling Tools Limited (STL), founded in 1979, engages in manufacturing of high-tensile (HT) cold forged fasteners mainly for automobiles. The Company is one of top 3 fasteners manufacturers in India and caters to leading automotive companies in India, Europe, South America and USA-NAFTA. STL has 3 plants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

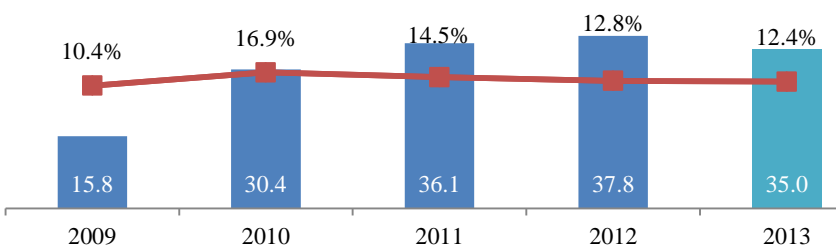
### Name Management Position

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

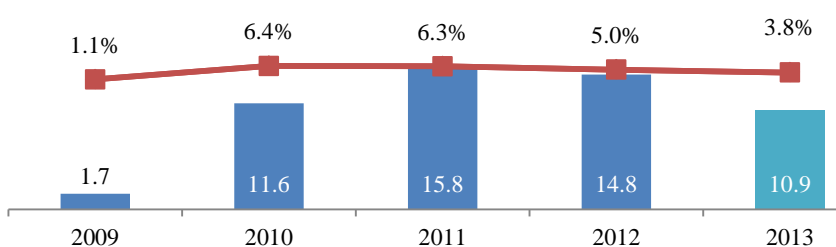
### Net Revenue (Rs. Crores)



### EBITDA (Rs. Crores) and Margin (%)



### Net Income (Rs. Crores) and Margin (%)

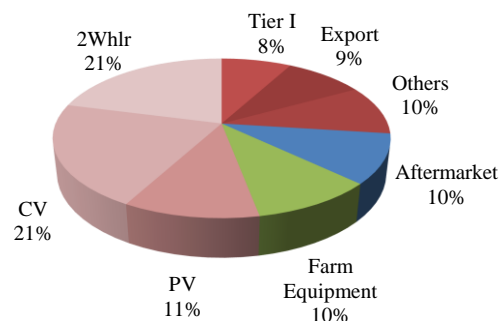


### Valuation Metrics

FYE Mar 31	FY12	FY13
EV/Revenue	0.5x	0.5x
EV/EBITDA	3.9x	4.3x
P/E	4.6x	6.3x
P/BV	0.9x	0.7x

### Sterling Tools - FY2013

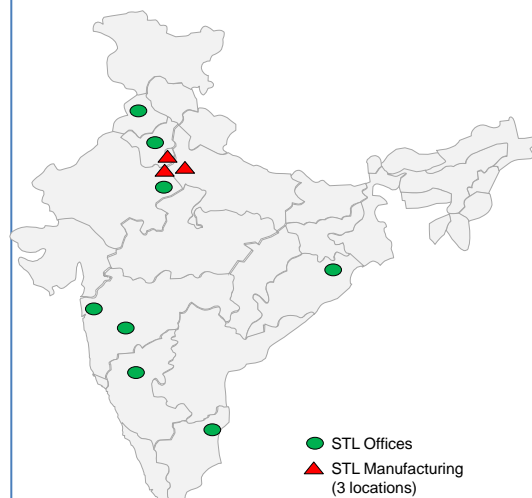
#### Revenue by End Markets




#### Global Partners



#### Domestic Network



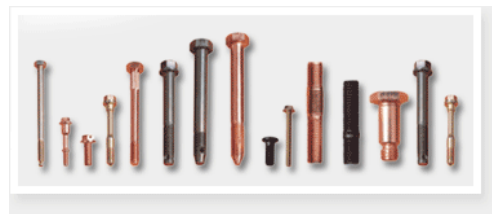
### Company Factsheet

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

### Product Profile

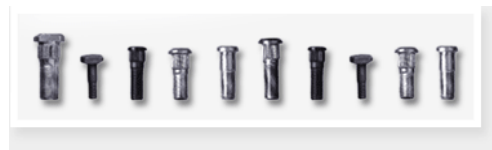
#### Special Fasteners

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



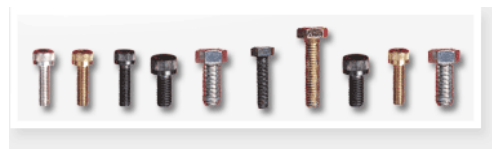
#### Standard Fasteners

- 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



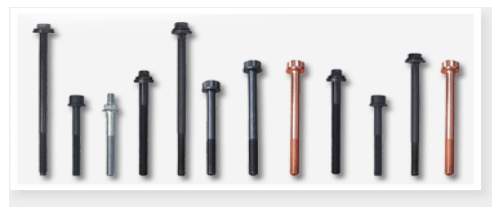
#### Chassis Fasteners

- 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 September 30, 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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