

STERLING TOOLS LIMITED



ANNUAL REPORT 2015 - 2016



**Registered Office:**

K-40, Connaught Circus  
New Delhi - 110001

**Corporate Office :**

Plot No. 4, DLF Industrial Estate  
Faridabad - 121 003 (Haryana)  
Tel. : 0129-2270621-25  
Fax : 0129-2277359

**Works :**

5-A, DLF Industrial Estate  
Faridabad - 121 003 (Haryana)

49 K.M. Stone Delhi Mathura Road,  
Village-Prithla, Tehsil-Palwal  
Distt.-Palwal (Haryana)

81, Sector 25, Ballabgarh  
Faridabad (Haryana)

**Board of Directors**

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

**Shri Anil Aggarwal**  
*Managing Director*

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

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

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

**Ms. Malini Sud**  
*Director*

**Compliance Officer**

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

**Auditors****Statutory Auditors**

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

**Internal Auditors**

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

**Registrar & Transfer Agent**

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

**Bankers**

Oriental Bank of Commerce  
State Bank of India  
HDFC Bank Limited

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# Board's Report

Dear Members,

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

## Financial Results

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

(Amount in Lacs)

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

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

## Company's performance

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

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

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

## Dividend

Considering the good financial performance of the Company, the Directors had, in their meetings held on 4th August, 2015, 8th February, 2016 and 14th March, 2016 recommended 50% dividend each time, thus aggregating to 150% interim dividend for financial year 2015-2016 against 50% dividend in previous financial year. This interim dividend has already been paid and taking note of this payout, the Directors have not recommended any final dividend for financial year 2015-2016 and the interim dividends already declared and paid be considered as final dividend for the financial year 2015-2016.

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

## Transfer to General Reserve

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

## Deposits

The Company has not accepted any deposits during the year which come under the purview of Section 73 of the Companies Act, 2013 and as such no amount on account of principal or interest was outstanding as on the date of Balance Sheet.

## Depository System

As the members are aware, the Company' shares are compulsorily tradable in electronic form. As on March 31, 2016, 99.06% of the Company's total paid-up Capital representing 6780371 shares are in dematerialized form. In view of numerous advantages offered by the Depository System, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the Depositories.

## Capital Structure and Listing

As on 31st March, 2016, the Company has Authorised Share Capital of Rs.10,00,00,000/-and Paid Up Share Capital of Rs. 6,84,46,000/-. The equity shares of the Company are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. There are no arrears on account of payment of listing fees to the said Stock Exchanges.

The Promoters and Persons acting in concert with them hold 70.15% share Capital of the Company as on 31st March, 2016 as against 70.15% as on 31st March, 2015.

## Performance of Joint Venture Company

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

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

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

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

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

## **Extract of Annual Return**

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

## **Directors and Key Managerial Personnel**

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

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

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

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

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

## **Policy on Board Diversity**

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

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

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

## Transactions with Related Parties

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

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

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

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

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

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

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

## Board Evaluation

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

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

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

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



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

## **Material changes and commitments**

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

## **Credit Rating**

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

## **Corporate Social Responsibility**

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

## **Particulars of Employees**

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

## **Capital Expenditure**

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

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

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

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

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

## Corporate Governance and Management Discussion & Analysis Report

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

### Director's Responsibility Statement

Pursuant to the requirement under section 134(3) (c) of the Companies Act, 2013 with respect to Director's Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the accounts for the Financial Year ended 31st March, 2016, the applicable accounting standards have been followed and there are no material departures.
- (ii) the Directors have selected accounting policies in consultation with Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year under review.
- (iii) the directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013. The directors have confirmed that there are adequate control & systems for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the Directors have prepared the accounts for the Financial Year ended 31st March, 2016 on a 'going concern' basis.
- (v) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- (vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Industrial Relations

During the year under review, harmonious industrial relations were maintained in your Company.

### Statutory Disclosures

Your Directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013 and under SEBI Listing Regulations.

### Statutory Auditors

#### I) Appointment

M/s. S. R. Dinodia & Co. LLP. the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. M/s S. R. Dinodia & Co. LLP, have, under Section 141(3) (g) of Companies Act, 2013, furnished the certificate of their eligibility for reappointment. As recommended by the Audit Committee, your Directors propose that they may be reappointed as Auditors of the Company for a period of 1 year from the conclusion of this Annual General Meeting until the conclusion of the 38th Annual General Meeting of the Company.

## II) Report

The Auditors' Report and Notes on Accounts for the financial year 2015-2016 are self-explanatory and therefore do not call for any further comments.

### Secretarial Auditors' report

M/s Santosh Kumar Pradhan, Company Secretaries was appointed as the Secretarial Auditor of the Company for the Financial Year 2015-2016, who has conducted the Secretarial Audit of the Company for the year 2015-2016. The Secretarial Auditors' Report doesn't contain any qualification, reservation or adverse remarks. The said Secretarial Audit Report is annexed as **Annexure–VIII** to this Report.

### Cost Auditors

The Company appointed M/s G.T. & Co., the Cost Auditors to conduct the cost audit of the Company's cost records for financial year 2015-2016.

### Internal Financial Control Systems and their adequacy

In order to ensure that the policies and procedures adopted by STL for conducting its business orderly and efficiently, STL is in process of aligning its internal financial control systems on lines of globally accepted risk based framework.

STL's existing internal financial control systems are adequate for the nature of its business and the size of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

In the beginning of the year, the scope of audit exercise and the key business processes and selected risk areas to be audited are decided in consultation with the Audit Committee. The Internal Audit is carried out by a firm of external Chartered accountants and covers all departments. All significant audit observations and follow up actions thereon are reported to the Audit Committee.

### 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 its operations and plant trees.

### Quality Management System

Sterling Tools Limited has three manufacturing Units, Wire Processing Unit and two fastener manufacturing plants. All the Units are certified to ISO 9001 standard.

Both the Fastener manufacturing units are certified to the following standards:

- TS16949
- ISO 14001
- OSHAS 18001

STL laboratory at DLF plant is certified to ISO 17025 for Chemical Testing, Mechanical Testing and Instrument Calibration.

## Cash Flow Analysis

In compliance with the provisions of Regulation 34 of the Listing Regulations, 2015, the Cash Flow Statement for the year ended 31st March, 2016 is annexed hereto.

## Sexual Harassment

The Company has Constituted an Internal Complaint Committee as required under Section-4 of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder.

During the year under review, no complaint was reported.

## Significant and Material Orders passed by the Regulators or Courts

### Order passed by Central Excise and Service Tax Appellate Tribunal

The Company had filed appeals in Central Excise and Service Tax Appellate Tribunal against Department of Central Excise' demand regarding assessable value with reference to MRP amounting to ₹ 189,015,254 for the period June 2006 to Dec 2008, ₹ 106,987,422 for the period January 2009 to October 2010, ₹ 3,990,394 for the period February 2010 to March 2010 and ₹ 5,326,546 for the period Nov 2010 to January 2011 under Central Excise Act. Based on the appeals the department has granted the Stay order No. SO/677-678/2012-EX (DB) dated 23 April 2012 against the demand of ₹ 189,015,254 for the period June 2006 to Dec 2008 & ₹ 106,987,422 for the period January 2009 to October 2010. Corresponding to these stay orders, the tribunal (CESTAT) vide section 35-C(1) of the Central Excise Act, 1944 has adjudicated and passed final Order No. A/52747-52748/2015/Ex [DB] dated 05/08/2015 in favour of the Company and accordingly, the demand of ₹ 189,015,254 for the period June, 2006 to December, 2008 and ₹ 106,987,422 for the period January, 2009 to October, 2010 stands withdrawn. However, the demand orders for the period February, 2010 to March, 2010 and November, 2010 and January, 2011 are still in the dispute till final adjudication.

### Any other orders

The Company has not received any other order, demand or notice from any other Regulatory Authority.

## Acknowledgements

Your Directors would like to express their appreciation for the assistance and co-operation received from the Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by all Company' personnel.

Your Directors look forward to their continued support.

**For and on behalf of the Board**

**Date: 8th August, 2016**  
**Place: Faridabad**

**M. L. Aggarwal**  
**Chairman**  
**DIN No. 00027380**

# Annexure-I to Board's Report

## Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A": Subsidiaries

The Company doesn't have any subsidiary as on 31st March, 2016.

#### Part "B": Associates and Joint Ventures

### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(All amounts in Rs. Lacs, unless otherwise stated)

S. No.	Name of Associates/Joint Venture	Sterling Fabory India Private Limited
1.	Latest audited Balance Sheet Date	31st March, 2016
2.	Shares of Associate/ Joint Venture held by the company on the year end	
	No.	24,05,000
	Amount of Investment in Associates/Joint Venture	588.25
	Extend of Holding %	50
3.	Description of how there is significant influence	Joint Venture Agreement
4.	Reason why the associate/joint venture is not consolidated	In the previous year, the accounts were not consolidated, because of exemption granted vide notification dated 14th October, 2014 by MCA. In the current year, the accounts are consolidated taking into account the Joint Venture Company.
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	161.95
6.	Profit / Loss for the year	(74.10)
	Considered in Consolidation	(37.05)
	Not Considered in Consolidation	(37.05)

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year.

**Note:**This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

#### For and on behalf of Board of Directors of Sterling Tools Limited

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

(Anil Aggarwal)  
Managing Director  
DIN No. 00027214

(Atul Aggarwal)  
Chief Financial Officer  
PAN No. AAUPA6243R

(Vaishali Singh)  
Company Secretary  
PAN No. AVIPS7863A

# Annexure-II to Board's Report

## Extract of Annual Return

### FORM NO. MGT 9

As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### I. REGISTRATION & OTHER DETAILS:

i	CIN	L29222DL1979PLC009668
ii	Registration Date	07.06.1979
iii	Name of the Company	STERLING TOOLS LIMITED
iv	Category/Sub-category of the Company	Company Limited by Shares/ Indian Non-Government Company
v	Address of the Registered office & contact details	K-40, CONNAUGHT CIRCUS, NEW DELHI-110001
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	MAS Services Limited T-34, First Floor, Okhla Industrial Area, Phase-II, New Delh-110020 Phone No. 91-11-26387281/41320335/36

#### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Hi-Tensile Fasteners	25991	97.82

#### III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

S I . No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF S H A R E S HELD	APPLICABLE SECTION
1	N.A.	N.A.	N.A.	N.A.	N.A.

## IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	4801235	0	4801235	70.15	4801235	0	4801235	70.15	0.00
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL: (A) (1)</b>	<b>4801235</b>	<b>0</b>	<b>4801235</b>	<b>70.15</b>	<b>4801235</b>	<b>0</b>	<b>4801235</b>	<b>70.15</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other...	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL: (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>4801235</b>	<b>0</b>	<b>4801235</b>	<b>70.15</b>	<b>4801235</b>	<b>0</b>	<b>4801235</b>	<b>70.15</b>	<b>0.00</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	5422	22400	27822	0.41	5422	22400	27822	0.41	0.00
b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify) Foreign Institutional Investors	0	0	0	0.00	620	0	620	0.01	0.01
<b>SUB TOTAL (B)(1):</b>	<b>5422</b>	<b>22400</b>	<b>27822</b>	<b>0.41</b>	<b>6042</b>	<b>22400</b>	<b>28442</b>	<b>0.42</b>	<b>0.01</b>

<b>(2)</b>	<b>Non Institutions</b>									
a)	Bodies corporate	0	0	0	0.00	0	0	0	0.00	0.00
i)	Indian	204844	300	205144	3.00	107212	300	107512	1.57	-1.43
ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b)	Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i)	Individual shareholders holding nominal share capital upto Rs.1 lakhs	713697	43829	757526	11.07	808190	40929	849119	12.41	1.34
ii)	Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	1011763	0	1011763	14.78	989027	0	989027	14.45	-0.33
c)	Others (specify)				0.00				0.00	
c-i)	Clearing Member	20306	0	20306	0.30	49635	0	49635	0.73	0.43
c-ii)	Non-Resident Indian/OCBs	20804	0	20804	0.30	19580	0	19580	0.29	-0.01
d)	NBFCs Registered with RB	0	0	0	0.00	50	0	50	0.00	0.00
<b>SUB TOTAL (B)(2):</b>		<b>1971414</b>	<b>44129</b>	<b>2015543</b>	<b>29.44</b>	<b>1973694</b>	<b>41229</b>	<b>2014923</b>	<b>29.43</b>	<b>-0.01</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>		<b>1976836</b>	<b>66529</b>	<b>2043365</b>	<b>29.85</b>	<b>1979736</b>	<b>63629</b>	<b>2043365</b>	<b>29.85</b>	<b>0.00</b>
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>		<b>6778071</b>	<b>66529</b>	<b>6844600</b>	<b>100.00</b>	<b>6780971</b>	<b>63629</b>	<b>6844600</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Share Holding of Promoters**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	MANOHAR LAL AGGARWAL HUF	320000	4.68	0	320000	4.68	0	0.00
2	ANIL AGGARWAL HUF	280400	4.10	0	280400	4.10	0	0.00
3	ATUL AGGARWAL	1729691	25.27	0	1729691	25.27	0	0.00
4	MANOHAR LAL AGGARWAL	771016	11.26	0	771016	11.26	0	0.00
5	ANIL AGGARWAL	1568128	22.91	0	1568128	22.91	0	0.00
6	AKHILL AGGARWAL	132000	1.93	0	132000	1.93	0	0.00
	<b>Total</b>	<b>4801235</b>	<b>70.15</b>	<b>0</b>	<b>4801235</b>	<b>70.15</b>	<b>0</b>	<b>0.00</b>

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE):**

NO CHANGES



(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

S. No.	Shareholder's Name	Shareholding		Date	Increase/ (Decrease)	Reason	Cumulative Shareholding During the Year	
		At the beginning (01.04.2015) and End of the Year (31.03.2016)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	Jagdish Kumar Aggarwal @	390,730	5.71	01.04.15				
				18.03.16	-144	Sold	390,586	5.71
				25.03.16	-1,799	Sold	388,787	5.68
		387,449	5.66	31.03.16	-1,338	Sold	387,449	5.66
2	Anil Kumar Goel @	245,000	3.58	01.04.15				
		246,000	3.59	31.12.15	-230	Sold	244,770	3.58
				12.02.16	792	Purchase	245,562	3.59
				19.02.16	438	Purchase	246,000	3.59
		246,000	3.59	31.03.16			246,000	
3	Seema Goel @	135,000	1.97	01.04.15				
		135,000	1.97	31.03.16			135,000	1.97
4	Enam Investment Services Pvt. Ltd. @	80,000	1.17	01.04.15				
				29.01.16	-2,783	Sold	77,217	1.13
		77,217	1.13	31.03.16				
5	Dolly Khanna #	12,446	0.18	01.04.15				
				27.11.15	17,175	Purchase	29,621	0.43
				04.12.15	9,757	Purchase	39,378	0.58
				11.12.15	750	Purchase	40,128	0.59
				18.12.15	1,900	Purchase	42,028	0.61
				31.12.15	583	Purchase	42,611	0.62
				08.01.16	5,640	Purchase	48,251	0.70
				15.01.16	2,880	Purchase	51,131	0.75
				22.01.16	1,075	Purchase	52,206	0.76
				05.02.16	5,703	Purchase	57,909	0.85
				12.02.16	637	Purchase	58,546	0.86
				04.03.16	309	Purchase	58,855	0.86
				11.03.16	1,258	Purchase	60,113	0.88
				18.03.16	2,172	Purchase	62,285	0.91
				25.03.16	487	Purchase	62,772	0.92
		31.03.16	3,226	Purchase	65,998	0.96		

6	Seetha Kumari @	31,279	0.46	01.04.15				
				15.05.15	370	Purchase	31,649	0.46
				22.05.15	233	Purchase	31,882	0.47
				12.06.15	11,537	Purchase	43,419	0.63
				19.06.15	-12,140	Sold	31,279	0.46
				30.06.15	12,140	Purchase	43,419	0.63
				04.09.15	596	Purchase	44,015	0.64
		44,015	0.64	31.03.16				
7	Anuradha Mittal @	33,851	0.49	01.04.15				
		33,851	0.49	31.03.16			33,851	0.49
8	Ritu Goel @	30,000	0.44	01.04.15				
		30,000	0.44	31.03.16			30,000	0.44
9	D Srimathi @	29,149	0.43	01.04.15				
		29,149	0.43	31.03.16			29,149	0.43
10	Angel Fincap Private Limited @	30,670	0.45	01.04.15				
				10.04.15	60	Purchase	30,730	0.45
				24.04.15	50	Purchase	30,780	0.45
				01.05.15	-105	Sold	30,675	0.45
				08.05.15	137	Purchase	30,812	0.45
				29.05.15	-30	Sold	30,782	0.45
				05.06.15	-76	Sold	30,706	0.45
				12.06.15	-30	Sold	30,676	0.45
				19.06.15	104	Purchase	30,780	0.45
				26.06.15	-105	Sold	30,675	0.45
				30.06.15	106	Purchase	30,781	0.45
				03.07.15	-75	Sold	30,706	0.45
				10.07.15	-300	Sold	30,406	0.44
				17.07.15	-757	Sold	29,649	0.43
				24.07.15	-215	Sold	29,434	0.43
				31.07.15	150	Purchase	29,584	0.43
				07.08.15	-187	Sold	29,397	0.43
				14.08.15	-140	Sold	29,257	0.43
				21.08.15	208	Purchase	29,465	0.43
				28.08.15	-970	Sold	28,495	0.42
		04.09.15	567	Purchase	29,062	0.42		
		11.09.15	35	Purchase	29,097	0.43		
		25.09.15	5	Purchase	29,102	0.43		
		30.09.15	605	Purchase	29,707	0.43		
		09.10.15	320	Purchase	30,027	0.44		

				16.10.15	1,077	Purchase	31,104	0.45
				23.10.15	52	Purchase	31,156	0.46
				30.10.15	-714	Sold	30,442	0.44
				06.11.15	-3,766	Sold	26,676	0.39
				13.11.15	261	Purchase	26,937	0.39
				20.11.15	921	Purchase	27,858	0.41
				27.11.15	-140	Sold	27,718	0.40
				04.12.15	4,180	Purchase	31,898	0.47
				11.12.15	-735	Sold	31,163	0.46
				18.12.15	711	Purchase	31,874	0.47
				25.12.15	1,158	Purchase	33,032	0.48
				31.12.15	-3,870	Sold	29,162	0.43
				08.01.16	302	Purchase	29,464	0.43
				22.01.16	75	Purchase	29,539	0.43
				29.01.16	-232	Sold	29,307	0.43
				05.02.16	62	Purchase	29,369	0.43
				12.02.16	-197	Sold	29,172	0.43
				19.02.16	52	Purchase	29,224	0.43
				11.03.16	-18	Sold	29,206	0.43
				18.03.16	-113	Sold	29,093	0.43
		29,099	0.43	31.03.16	6	Purchase	29,099	0.43
<b>11</b>	<b>Chamiers Investments Pvt. Ltd.*</b>	22,000	0.32	01.04.15				
				29.01.16	-22,000	Sold	0	0.00
		0	0.00	31.03.16				

Notes:

1. The shares of the Company are in dematerialized form and traded on a daily basis, hence the date wise increase or decrease in the shareholding is not indicated.
2. \* Top 10 Shareholders only as on 31st March, 2015, # Top 10 Shareholders only as on 31st March, 2016, '@' Common Top 10 shareholders as on 31st March, 2015 and 31st March, 2016.

(v) Shareholding of Directors & KMP

S I . No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>Manohar Lal Aggarwal</b>				
	At the beginning of the year 1st April, 2015	771016	11.26	771016	11.26
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31st March, 2016	771016	11.26	771016	11.26
<b>2.</b>	<b>Anil Aggarwal</b>				
	At the beginning of the year 1st April, 2015	1568128	22.91	1568128	22.91
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31st March, 2016	1568128	22.91	1568128	22.91
<b>3.</b>	<b>Atul Aggarwal</b>				
	At the beginning of the year 1st April, 2015	1729691	25.27	1729691	25.27
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31st March, 2016	1729691	25.27	1729691	25.27
<b>4.</b>	<b>Dr. Triloki Nath Kapoor</b>				
	At the beginning of the year 1st April, 2015	-	-	-	-
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31st March, 2016	-	-	-	-
<b>5.</b>	<b>Shri Chotu Ram Sharma</b>				
	At the beginning of the year 1st April, 2015	-	-	-	-
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31st March, 2016	-	-	-	-

<b>6.</b>	<b>Ms. Malini Sud</b>				
	At the beginning of the year 1st April, 2015	-	-	-	-
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31st March, 2016	-	-	-	-
<b>7.</b>	<b>Ms. Vaishali Singh (Company Secretary)</b>				
	At the beginning of the year 1st April, 2015	-	-	-	-
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31st March, 2016	-	-	-	-

## V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	724308751	0	0	724308751
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	2236205	0	0	2236205
<b>Total (i+ii+iii)</b>	<b>726544956</b>	<b>0</b>	<b>0</b>	<b>726544956</b>
Change in Indebtedness during the financial year				
Additions	94685177	0	0	94685177
Reduction	127536403	0	0	127536403
<b>Net Change</b>	<b>(32851226)</b>	<b>0</b>	<b>0</b>	<b>(32851226)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	691457525	0	0	691457525
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1297635	0	0	1297635
<b>Total (i+ii+iii)</b>	<b>692755160</b>	<b>0</b>	<b>0</b>	<b>692755160</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole time Director and/or Manager:

(₹ in Lacs)

Sl. No.	Particulars of Remuneration		Name of the MD/WTD/Manager			Total Amount
			Manohar Lal Aggarwal (Chairman)	Anil Aggarwal (MD)	Atul Aggarwal (WTD)	
1	<b>Gross salary</b>					
	(a)	Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	100.08	91.34	86.64	278.06
	(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	2.26	1.73	3.00	6.99
	(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option		-	-	-	-
3	Sweat Equity		-	-	-	-
4	Commission		47.00	47.00	47.00	141.00
	as % of profit					
	others (specify)					
5	Others, please specify		-	-	-	-
	<b>Total (A)</b>		<b>149.34</b>	<b>140.07</b>	<b>136.64</b>	<b>426.05</b>
	<b>Ceiling as per the Act</b>		<b>149.34</b>	<b>140.07</b>	<b>136.64</b>	<b>426.05</b>

### B. Remuneration to other Directors:

(₹ in Lacs)

Sl. No.	Particulars of Remuneration		Name of the Directors			Total Amount
			Dr. T. N. Kapoor	Shri C. R. Sharma	Ms. Malini Sud	
1	<b>Independent Directors</b>					
	(a)	Fee for attending board/committee meetings	3.75	4.25	2.75	10.75
	(b)	Commission	-	-	-	-
	(c)	Others, please specify	-	-	-	-
	<b>Total (1)</b>		<b>3.75</b>	<b>4.25</b>	<b>2.75</b>	<b>10.75</b>
2	<b>Other Non Executive Directors</b>					
	(a)	Fee for attending board committee meetings	-	-	-	-
	(b)	Commission	-	-	-	-
	(c)	Others, please specify.	-	-	-	-
	Total (2)		-	-	-	-
	<b>Total (B)=(1+2)</b>		<b>3.75</b>	<b>4.25</b>	<b>2.75</b>	<b>10.75</b>
	<b>Total Managerial Remuneration (A)+(B)</b>					<b>436.80</b>
	<b>Overall Ceiling as per the Act.</b>					

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ in Lacs)

Sl. No.	Particulars of Remuneration		Key Managerial Personnel		
			Company Secretary	CFO	Total
1	<b>Gross Salary</b>				
	(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	13.02	86.64	99.66
	(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	3.00	3.00
	(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	
2	Stock Option		-	-	
3	Sweat Equity		-	-	
4	Commission		-	47.00	47.00
	as % of profit				
	others, specify				
5	Others, please specify				
	<b>Total</b>		<b>13.02</b>	<b>136.64*</b>	<b>149.66</b>

\* Mr. Atul Aggarwal, Whole Time Director and CFO of the Company is receiving total salary of ₹ 136.64 Lacs in the capacity of both Whole Time Director and CFO, not individually.

**VII Penalties/Punishment/Compounding of Offences**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment / Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

For and on behalf of Board of Directors of Sterling Tools Limited

**Manohar Lal Aggarwal**  
Chairman  
DIN No.: 0027380

# Annexure-III to Board's Report

## REMUNERATION POLICY

### (I) Criteria for Determining Qualifications, Positive Attributes & Independence of Director:

#### 1. Qualifications of Independent Director:

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

#### 2. Positive attributes of Independent Directors:

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

#### 3. Independence of Independent Directors:

An Independent director should meet the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement concerning independence of directors.

### (II) Remuneration Policy for Directors, Key Managerial Personnel and other employees General:

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

#### Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

##### a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The



breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

**b) Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

**c) Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**Remuneration to Non Executive Directors/Independent Directors:**

NEDs/Independent Directors shall be paid a sitting fee of Rs. 25000/- for every meeting of the board or committee thereof attended by them as member.

The company has no stock options plans and no payment by way of commission, bonus, pension, incentives etc. shall be made.

## Annexure-IV to Board's Report

### FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

**Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.**

#### 1. Details of contracts or arrangements or transactions not at Arm's length basis:

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	N.A.
b)	Nature of contracts/arrangements/transaction	N.A.
c)	Duration of the contracts/arrangements/transaction	N.A.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A.
e)	Justification for entering into such contracts or arrangements or transactions	N.A.
f)	Date of approval by the Board	N.A.
g)	Amount paid as advances, if any	N.A.
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	N.A.

The Company has not entered into any contract or arrangement with its related parties which is not at arm's length price during financial year 2015-16.

#### 2. Details of contracts or arrangements or transactions at Arm's length basis

a.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Haryana Ispat Private Limited
b)	Nature of contracts / arrangements / transaction	Lease Agreement
c)	Duration of the contracts / arrangements / transaction	5 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company has taken on lease the plot of land situated at Plot No. 81, Sector-25, Faridabad.
e)	Date of approval by the Board	31st October, 2011
f)	Amount paid as advances, if any	N.A.

b.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Sterling Automobiles Private Limited (SAPL)
b)	Nature of contracts / arrangements / transaction	Sale, Purchase and Service of Honda Vehicles
c)	Duration of the contracts / arrangements / transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company may purchase Honda vehicles upto an Annual Transaction value of Rs. 1 Crore as well as get its Honda Vehicles serviced from SAPL upto an Annual transaction value of Rs. 25 Lacs.
e)	Date of approval by the Board	2nd April, 2014
f)	Amount paid as advances, if any	N.A.

c.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Jaycee Automobiles Private Limited (JAPL)
b)	Nature of contracts / arrangements / transaction	Sale, Purchase and Service of Audi Vehicles
c)	Duration of the contracts / arrangements / transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company may purchase Audi vehicles upto an Annual Transaction value of Rs. 1 Crore as well as get its Audi Vehicles serviced from JAPL upto an Annual transaction value of Rs. 25 Lacs.
e)	Date of approval by the Board	2nd April, 2014
f)	Amount paid as advances, if any	N.A.

d.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Sterling Fabory India Private Limited
b)	Nature of contracts / arrangements / transaction	Purchase of Material & Job work
c)	Duration of the contracts / arrangements / transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company may purchase fasteners upto an annual value of Rs. 3 Crores and to get the job work done upto Rs. 50 Lacs annually as approved by Regional Director, Noida on 5th April, 2013
e)	Date of approval by the Board	23rd January, 2013
f)	Amount paid as advances, if any	N.A.

e.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Sterling Fabory India Private Limited
b)	Nature of contracts / arrangements / transaction	Sale of Material & Job work
c)	Duration of the contracts / arrangements / transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company may sell fasteners upto an annual value of Rs. 3 Crores and to do the job work done upto Rs. 1 Crore annually as approved by Regional Director, Noida on 5th April, 2013
e)	Date of approval by the Board	23rd January, 2013
f)	Amount paid as advances, if any	N.A.

During the year under review, no material transactions, contracts or arrangements as defined under the listing agreement or which were above the threshold limits mentioned under Rule 15 of the Companies (Meetings of Board & its Powers) Rules, 2014, were entered with the related parties by the Company. For details on related party transactions, members may refer to the notes to the standalone financial statement.

**For and on behalf of Board of Directors of Sterling Tools Limited**

Date: 8th August, 2016  
Place: Faridabad

**M.L. Aggarwal**  
Chairman  
DIN: 00027380

# Annexure-V to Board's Report

## ANNUAL REPORT ON CSR ACTIVITIES

- 1. A brief outline of the Company' CSR Policy including overview of projects or programs proposed to be undertaken:**

The CSR Policy of Sterling Tools Limited is aimed to direct CSR programs, inter alia, towards promotion of education, providing preventive healthcare and providing sanitation and drinking water to those from disadvantaged sections of society, especially in the Company' local vicinity in Faridabad as well as to promote sports.

The Projects undertaken/to be undertaken will be within the broad framework of Schedule VII of the Companies Act, 2013. The detailed CSR Policy of the Company is available on the website of the Company.

- 2. The composition of the CSR Committee:** The Company has a CSR Committee of directors comprising of Mr. Anil Aggarwal as Chairman of the Committee, Mr. Atul Aggarwal and Mr. C.R. Sharma as Members of the Committee.
- 3. Average Net Profit of the Company for last three financial years for the purpose of computation of CSR:** Rs. 23.15 Crores
- 4. Prescribed CSR Expenditure(two per cent of the amount as in item 3 above):** Rs. 46,29,188/-
- 5. Details of CSR spent during the financial year:** Rs. 45,83,800/-
  - a. Total amount to be spent for the financial year:** Rs. 46,29,188/-
  - b. Amount unspent :** Rs. 45,388/-
  - c. Manner in which the amount spent during the financial year:** Attached
- 6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reason for not spending the amount in its Board report.**

The Company had carried out CSR activities through well renowned NGOs in Delhi & NCR and contributed to them significant amounts for their running projects. Since the amount unspent was so minimal, it was decided to accumulate it in CSR contribution for the next F.Y. 2016-17.

- 7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.**

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives.

**Anil Aggarwal**  
CEO & Managing Director/Chairman of CSR Committee

**Manner in which Amount spent during the financial year is detailed below:**

Sr. No.	CSR Project or Activity identified	Sector in which Project is covered	Specify the area where projects or programs was undertaken	Budget project or programs wise	Amount spent on the projects or programs	Cumulative expenditure upto the reporting period	Amount spent: direct or through implementing agency
1.	Training and educating underprivileged children / orphans	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Delhi, NCR & Punjab	10,00,000	9,82,800	9,82,800	Through NGOs: a) Rs. 4 Lacs through "Prayas", Faridabad b) Rs. 1 Lac through "Khushii", New Delhi. c) Rs. 1 Lac through "Pragati", Gurgaon d) Rs. 3 Lacs through "Manav Sehyog Society" e) Rs. 82,800 Through "Girls School and Primary School, Prithla"
2.	Promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports	Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports	Pan India	5,25,000	5,21,000	5,21,000	a) Rs. 5 Lacs through "Golf Foundation" b) Rs. 21,000/- Through "Haryana Boxing Association"
3.	Sponsoring eye camps for Cataract Surgery or any other Special Surgery or providing subsidiary arthritis care, to treat sport injuries spread fitness awareness etc. /dispensaries for health related issues.	Promoting preventive health care	Delhi & NCR	15,05,000	15,00,000	15,00,000	Through NGOs: a) Rs. 2 lacs to Ishwar Charitable Trust, Noida b) Rs. 5 lacs to Shroff Charitable Eye Centre, Delhi c) Rs. 1.5 lacs to Dainik Prathana Sabha, Batala d) Rs. 2 lac to "Delhi Public Charitable Society" e) Rs. 2.5 Lacs to "Raj Gopalan Foundation". f) Rs. 2 Lacs to "Breast Cancer Patients Benefit Foundation"

4	Sponsoring homes for orphans and sponsoring old age homes, day care centres and such other facilities for senior citizens	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	Delhi, NCR & Punjab	11,00,000	10,80,000	10,80,000	Through NGOs: a) Rs. 1.8 Lacs to "Dainik Prathana Sabha" b) Rs. 3 Lacs to "Welfare Home for Children" c) Rs. 6 Lacs to "Saint Hardyal Educational and Orphans Welfare Society"
5	Planting trees	Ensuring Environmental Sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	Delhi & NCR	5,00,000	5,00,000	5,00,000	Through NGO Rs. 5 lacs paid to "Navchetna Trust"
<b>Total</b>				<b>46,30,000</b>	<b>45,83,800</b>	<b>45,83,800</b>	

## Annexure – VI to Board’s Report

### Particular of Employees

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. The ratio of the remuneration of each director to the median remuneration of the employee of the Company for the financial year:

Executive Directors	Designation	Ratio to Median Remuneration
Sh. M.L. Aggarwal	Chairman	853
Sh. Anil Aggarwal	Managing Director	800
Sh. Atul Aggarwal	Whole Time Director	781

**Note:** *The Non-Executive directors of the Company are entitled for sitting fees only as per the Statutory Provisions. The details of the Sitting Fee paid to Non- Executive Directors are provided in the Corporate Governance Report and is governed by the Remuneration Policy as detailed in the said Report. The ratio of remuneration and percentage increase for Non- Executive Directors is therefore not considered for the purpose above.*

- b. **The Percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in financial year:**

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% Increase in remuneration in the financial year
Sh. M.L. Aggarwal, Chairman	44.46
Sh. Anil Aggarwal, CEO & MD	6.44
Sh. Atul Aggarwal, CFO	44.31
Ms. Vaishali Singh, Company Secretary	16.46

- c. **The Percentage increase in the median remuneration of employees in the financial year: 8%**
- d. **The number of permanent employees on the rolls of Company: 601**
- e. **Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average annual increase was around 11%. Increase in the Managerial remuneration for the year was 15%.

- f. **The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.**

None



**g. Affirmation that the remuneration is as per the Remuneration Policy of the Company.**

The Company affirms remuneration is as per the Remuneration Policy of the Company

**h. The information required under Section 197 of the Act read with Rule 5(2) &(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:**

I. The names of top ten employees in terms of remuneration drawn: In terms of the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of top ten employees of the Company drawing remuneration can be made available on a specific request given to the Company, in writing.

II. Name of every employee who if:

A. Employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 1,02,00,000/-: **Not Applicable.**

B. Employed for part of the Financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Rs. 8,50,000/- per month: **Not Applicable.**

C. Employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company.: **Not Applicable.**

## Annexure - VII to Board's Report

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014:

### (A) Conservation of energy:

1.	Steps taken or impact on conservation of energy	<p>a) The last year action of joining the Forging and the rolling machine was horizontally deployed and total 16 machines were joined together. This project is complete. The total saving is 18 KW and 2800 Sq feet of shop floor space.</p> <p>b) The new Aluminium pipeline installed thereby reducing the losses. This resulted in maintaining same level of energy consumption in compressed air even after installation of new machines.</p> <p>c) Prevention of Air Leakage project continued with more vigour resulting in improvement in the energy consumption in compressed air system.</p> <p>d) New cleaning system introduced in plating process which instead of operating at elevated temperature operates at room temperature. This resulted in disconnection of 24 KW of heater load.</p> <p>e) Insulation of all heating system and chilled water system is being done across the plant. In the first phase the insulation of the heating coils have resulted in saving of 54 KWH per day</p> <p>f) Small Kaizens carried out in each section to conserve energy</p> <p>g) All these actions resulted in almost 3 % reduction in specific power consumption.</p>
2.	The steps taken by the company for utilising alternate sources of energy	<p>The Company installed a 500 Kw PV Solar Power generation system. This was commissioned on 01/06/2016.</p> <p>The Company has modified the burner and changed one furnace from LPG heating system to more safe PNG heating system.</p> <p>The Company has modified one electrical heated furnace to PNG heated furnace thereby making it more green</p>
3.	The capital investment on energy conservation equipments	Small investment made in energy conservation equipments.

## (B) Technology absorption:

1.	the efforts made towards technology absorption	<p>The Company has consolidated its understanding of Dip Spin Coating system and have developed capabilities for Dip Spin coating using different chemical. This helps in giving multiple choice to the customer</p> <p>The Company has successfully installed the 5 station 36B5S machine and could also develop a hollow part for the first time.</p> <p>The Company has successfully developed 2 and 3 point paint scrapper bolt and also started getting commercial order for these parts in 2016-17.</p> <p>The Company has installed machine for multi high storage of bins. This developed organisation capabilities in improving material handling system in the organisation.</p>
2.	the benefits derived like product improvement, cost reduction, product development or import substitution	<p>We are getting new order from our customers for the new parts developed as mentioned above.</p> <p>The Dip spin process parts have increased the product sales price substantially</p>
3.	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	N.A.
	the details of technology imported	N.A.
	the year of import	N.A.
	whether the technology been fully absorbed	N.A.
	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.
	the expenditure incurred on Research and Development	The Company has not incurred any expense towards R&D during the Financial Year under review.

## (C) Foreign exchange earnings and Outgo-

1.	The Foreign Exchange earned in terms of actual inflows during the year	Rs. 333,472,671.00
2.	the Foreign Exchange outgo during the year in terms of actual outflows.	Rs. 7,198,541.00

# Annexure - VIII to Board's Report

Form No. MR-3

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To  
The Members,  
**Sterling Tools Limited**,  
K-40, Connaught Circus,  
New Delhi-110001

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sterling Tools Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has during the audit period covering the financial year ended on 31st March, 2016 (Audit Period) complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein after:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition on Insider Trading) Regulations, 1992;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable as the Company has not issued any securities during the financial year)**;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee stock Purchase Scheme) Guidelines, 1999 **(Not Applicable as the Company has not issued any Employee Stock Option securities during the financial year)**;
- (e) The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008. The Securities and Exchange Board of India (Issue & Listing of Debt Securities) Amendments Regulation , 2012 and Listing Agreement of Debt Securities **(Not Applicable as the Company has not issued any debt securities)**;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable as the Company has not de-listed its securities during the Financial Year)**; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable AS Company has not bought back any security during the Financial Year)**.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements read with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 entered into by the Company with the Stock Exchanges.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards, etc. mentioned above.

**I further report that**, based on the information provided by the Company, its' officers and Authorised Representatives during the conduct of the Audit, and also on the review of quarterly compliance report by respective Department Heads taken on record by the Board of Directors of the Company, in my opinion, adequate systems, processes and control mechanism exist in the Company to monitor & ensure compliance with applicable General laws like Labour Laws, Competition law & Environmental laws.

**I further report that**, the compliance by the Company of applicable financial laws, like Direct & Indirect Tax laws, has not been reviewed in this Audit since the same have been subject to review by Statutory Financial Auditor and other designated professionals.

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further

information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board respectively.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period the company has taken the following decisions which has a major bearing on the Company's affair in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

- i. The Company has altered Object Clause III(A)(4) in the Main Objects of the Company by way of Postal ballot.

**Date:30/07/2016**  
**Place: Ghaziabad**

**For Santosh Kumar Pradhan**  
**(Company Secretaries)**

**Santosh Kumar Pradhan**  
**FCS No.: 6973**  
**C P No.: 7647**

**Note:** This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

**To  
The Members  
Sterling Tools Limited  
K-40, Connaught Circus,  
New Delhi-110001**

Our report of even date is to be read along with this letter

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Date:30/07/2016  
Place: Ghaziabad**

**For Santosh Kumar Pradhan  
(Company Secretaries)**

**Santosh Kumar Pradhan  
FCS No.: 6973  
C P No.: 7647**

# Corporate Governance Report for the year 2015-2016

## 1. Statement on Company's philosophy

The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a code of conduct for its employees including the Managing Director and the Executive Directors as well as for Non- Executive Directors.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, the Company has executed fresh Listing Agreements with the Stock Exchanges.

The Company is in compliance with the requirements stipulated by SEBI with regard to Corporate Governance.

## 2. Board of Directors

### 2.1 Composition of Board of Directors:

The Company has a balanced and diverse Board of Directors, which primarily takes care of the business needs and stakeholders' interest. The Non-Executive Directors including Independent Directors on the Board are experienced and competent from the fields of finance, economics, law, governance etc. They take active part at the Board and Committee Meetings by providing valuable guidance to the Management on various aspects of business, policy direction, governance, compliance etc. which adds value in the decision making process of the Board of Directors. The composition of the Board also complies with the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). As at the end of corporate financial year 2016, the total Board strength comprises of six Directors on the Board, out of which three are Non-Executive Directors and the rest are Executive Directors. The details of each member of the Board along with the number of Directorship(s) / Committee Membership(s)/Chairmanship(s) are provided herein below:

Name of the Directors	Category of directorship	No. of Directorship held in other companies (a)	No. of Chairmanship/ Membership in Board Committee of other companies		Relationship between Directors inter-se
			Chairman	Member	
Shri. M. L. Aggarwal	Chairman & Executive Director	0	Nil	Nil	Relative
Shri. Anil Aggarwal	Managing Director	0	Nil	Nil	Relative
Shri. Atul Aggarwal	Whole Time Director	0	Nil	Nil	Relative
Dr. T. N. Kapoor	Non Executive Independent Director	2	2	2	NIL
Shri. C. R. Sharma	Non Executive Independent Director	3	2	2	NIL
Ms. Malini Sud	Non Executive Independent & Women Director	1	Nil	Nil	NIL



- a) For the purpose of considering directorships, only Public Limited Companies (Listed as well as Unlisted) have been included.
- b) 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.

## 2.2 Details of Board Meetings held during the Financial Year:

During the Financial Year 2015-2016, the Board met 5 times—on 25th May, 2015, 4th August, 2015, 4th November, 2015, 8th February, 2016 and 14th March, 2016.

The attendance of all the directors at Board Meetings held during the year are detailed below:

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	No
Shri C. R. Sharma	5	Yes
Ms. Malini Sud	5	Yes

## 2.3 Board Meetings and Procedures thereof:

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The Board / Committee Meetings are pre-scheduled and notice of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is noted and confirmed in the subsequent Board meeting.

Minimum of 4 meetings of the Board are held every year with a gap of not more than 120 days between two meetings.

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 15 days of the meeting and are discussed before approval by the members of Board at successive Board Meeting.

## 2.4 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 include:

- 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 / Admin. 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 Listing Agreement readwith the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015.

## 2.5 Details of shareholding of Directors as on 31.03.2016 are given as under:

Name of the Director	No. of Equity Shares	% of Holding
Shri Manohar Lal Aggarwal	771016	11.26
Shri Anil Aggarwal	1568128	22.91
Shri Atul Aggarwal	1729691	25.27
Shri Triloki Nath Kapoor	Nil	Nil
Shri Chhotu Ram Sharma	Nil	Nil
Ms. Malini Sud	Nil	Nil

## 2.6 Separate Independent Directors' Meeting:

A Separate meeting of Independent directors was held during the year 2015-16 on 29th December, 2015 without the attendance of non-independent directors and members of management. All the independent directors of the company were present in the meeting and they inter-alia discussed:

- (i) the performance of non-Independent Directors and the Board as a whole;
- (ii) the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non- Executive Directors; and
- (iii) the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## 2.7 Familiarisation programme for Independent Directors

As a part of familiarization programme as required under Listing Regulations, the Directors have been appraised during the Board Meetings about the amendments to the various enactments viz., Companies Act, 2013 (the Act), Listing Regulations, Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information etc. and on Internal Financial Control Systems introduced by Institute of Chartered Accountants of India.

The roles and duties of Independent Directors are well defined in the Appointment letters issued to them, copies of which are available on the Website of the Company ([www.stlfasteners.com/new/news.asp](http://www.stlfasteners.com/new/news.asp)).

## 2.8 Secretarial Standards

The secretarial and the operating practices of the Company are in line with the Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

## 3. Committee(s) of the Board

The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all Committees are placed before the Board for review.

At present the Company has five Board Committees:

- (i) Audit Committee
- (ii) Nomination and Remuneration Committee
- (iii) Stakeholders' Relationship Committee
- (iv) Share Transfer Committee
- (v) Corporate Social Responsibility Committee

### 3.1 Audit Committee:

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement readwith Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015. Members of the Audit Committee possess financial / accounting expertise / exposure. The purpose of this Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosures process, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

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

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

The role and terms of reference of the Audit Committee cover areas mentioned in the Clause 49 of Listing Agreement readwith the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 with Stock Exchange and section 177 of the Companies Act. 2013 which, among others, include:

- i. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- ii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- iii. Examination of the financial statement and the auditors' report thereon;
- iv. Approval or any subsequent modification of transactions of the company with related parties;
- v. Scrutiny of Inter-Corporate Loans and Investment;
- vi. Valuation of undertaking or assets of the company, wherever it is necessary;
- vii. Evaluation of internal financial controls and risk management systems;
- viii. Monitoring the end use of funds raised through public offers and related matters;
- ix. Calling comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and Discussing any related issues with the internal and statutory auditors and the management of the company;
- x. Investigation into any matter in relation to the items specified above or referred to it by the Board and for this purpose committee shall have power to obtain professional advice from external source;
- xi. Committee shall have access to information contained in the records of the Company;

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

### **Meetings of Audit Committee**

During the Financial Year 2015-2016, the Audit Committee met 4 times – on 25th May, 2015, 4th August, 2015, 4th November, 2015 and 8th February, 2016. The attendance of each Member of the Committee is given below:

<b>Name of Directors</b>	<b>No. of Meetings attended</b>
Shri. C. R. Sharma	4
Shri. T. N. Kapoor	4
Shri. Anil Aggarwal	4
Ms. Malini Sud	4

The necessary quorum was present for all the meetings.

### 3.2 Nomination and Remuneration Committee:

The Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement read with the Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015. This committee comprises of following Directors:

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

#### **Terms of Reference**

##### **(a) Authority:**

1. The Committee is authorised by the Board to:
  - a. investigate and undertake any activity within its terms of reference; and
  - b. seek any information it properly requires from any employee of the Company in order to perform its duties and all employees are directed by the Board to co-operate with any request made by the Committee.
2. If the Committee considers it necessary to do so, it is authorised to obtain appropriate external advice to assist it in the performance of its duties and to secure the services of outsiders with relevant experience and expertise and to invite those persons to attend at meetings of the Committee. The cost of obtaining any advice or services shall be paid by the Company within the limits as authorised by the Board.

##### **(b) Duties:**

1. The duties of the Committee in relation to its nominations function shall be:
  - a. to be responsible for identifying and nominating, for the approval of the Board and ultimately the shareholders, candidates to fill Board vacancies as and when they arise as well as putting in place plans for succession, in particular with respect to the Chairman of the Board and the Chief Executive Officer;
  - b. to review regularly the Board structure, size, composition and make recommendations to the Board of adjustments that are deemed necessary, in order to ensure an adequate size and a well-balanced composition of the Board and further ensure that a majority of the Board is independent, and to make determinations regarding independence of members of the Board;
  - c. to consider succession and emergency planning, taking into account the challenges and opportunities facing the Company and the skills and expertise therefore needed on the Board, reporting to the Board regularly;
  - d. to keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the market place;
  - e. annual performance evaluation of the Chairman, Managing Director and Whole time director in their respective offices and all directors with respect to their roles as directors;

- f. to ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- g. to recommend to the Board whether to reappoint a director at the end of their term of office;
- h. to make recommendations to the Board concerning any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provision of the law and their service contract;
- i. to identify and recommend directors who are to be put forward for retirement by rotation;
- j. before appointment is made by the Board, to evaluate the balance of skills, knowledge and experience on the Board, and in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment;

In identifying suitable candidates the Committee may:

- (i) use open advertising or the services of external advisers to facilitate the search;
- (ii) consider candidates from a wide range of backgrounds; and
- (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- k. to ensure the development of guidelines for selecting candidates for election or re-election to the Board, or to fill vacancies on the Board;
- l. to delegate any of its powers to one or more of its members or the secretary of the Committee;
- m. to consider any other matters as may be requested by the Board; and
- n. to make available its terms of reference and review annually those terms of reference and its own effectiveness and recommend any necessary changes to the Board.

**(c) Duties-Remuneration**

The duties of the Committee in relation to its remuneration function shall be:

- a. to consider and determine, based on their performance and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board and the Chief Executive Officer, namely:
  - (i) base salary;
  - (ii) bonuses and performance-related payments (including profit-sharing schemes);
  - (iii) discretionary payments;
  - (iv) benefits in kind; and
  - (v) share options and their equivalents;

- b. to approve the remuneration of other members of the senior management of the group;
- c. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and considering any other connection that they may have with the Company;
- d. in relation to the above, the Committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company;
- e. to delegate any of its powers to one or more of its members or the secretary of the Committee;
- f. to consider any other matters as may be requested by the Board; and
- g. to make available its terms of reference and review annually those terms of reference and its own effectiveness and recommend any necessary changes to the Board.

### **Meetings of Nomination and Remuneration Committee**

During the Financial Year 2015-2016, the Committee met once time-on 29th December, 2015 to finalise methodology for evaluation of directors. The attendance of each Member of the Committee is given below:

<b>Name of Directors</b>	<b>No. of Meetings attended</b>
Shri. C. R. Sharma	1
Shri. T. N. Kapoor	1
Ms. Malini Sud	1
Shri M.L. Aggarwal	1

### **Performance evaluation criteria for Independent Directors**

The Nomination and Remuneration Committee of the Company approved an evaluation Policy during the year, which was adopted by the Board of Directors. The policy provides for evaluation of the independent directors. An indicative list of factors that may be evaluated include participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgement.

### **Remuneration Policy**

Remuneration Policy in the Company is designed to create a high performance culture. The Company pays remuneration by way of salary, benefits, perquisites and allowances and commission to its Managing Director and the Executive Directors. The Independent directors are paid remuneration in form of sitting fees only. The remuneration policy is given in an **Annexure-III** attached to annual report.

### **Policy on Board Diversity**

The NRC also approved the Policy on Board diversity appropriate to the business requirements of the Company covering the following:

- (i) Optimum combination of Executive Directors, Non-Executive Directors and Independent Directors.
- (ii) The recommendatory requirement for each of the directors to possess functional diversity.
- (iii) Role of nomination and remuneration committee to ensure that the Policy on Board diversity is considered while recommending the appointment of new directors on the Board of the company.
- (iv) Review of the policy at such intervals including the assessment of the effectiveness of the policy.

## **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 2015-2016 are given below:

**(Amount in Rs.)**

<b>Name of the Director</b>	<b>Salary and other Allowances</b>	<b>Commission</b>	<b>Perquisites</b>	<b>Total</b>
Shri. M. L. Aggarwal	10008001.00	4700000.00	226038.00	14934039.00
Shri Anil Aggarwal	9134399.00	4700000.00	173409.00	14007808.00
Shri Atul Aggarwal	8664001.00	4700000.00	300000.00	13664001.00

- The service contract of Executive Directors is for a period of three years from 1st April, 2015 to 31st March, 2018.
- Services of an Executive Director may be terminated by either party, giving the other party three months' notice as per the policy of the Company. There is no separate provision for payment of severance fees.

### **Non-executive Directors**

The Non-Executive Directors are entitled to sitting fee for attending the Board / Committee Meetings. A sitting fee of Rs. 25000/- 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, 2013 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.



During the Financial Year 2015-2016, the sitting fees paid to Independent directors is detailed below:

(Amount in Rs.)

Name of the Director	Board Meeting	Audit Committee	Stakeholders' Relationship Committee	Nomination & Remuneration Committee	C S R Committee	Risk Management Committee	Share Transfer Committee
Shri T. N. Kapoor	125000	100000	100000	25000	0	0	0
Shri C. R. Sharma	125000	100000	100000	25000	50000	0	0
Ms. Malini Sud**	125000	100000	0	25000	0	0	0
<b>TOTAL</b>	<b>375000</b>	<b>300000</b>	<b>200000</b>	<b>75000</b>	<b>50000</b>	<b>0</b>	<b>0</b>

Sterling Tools Limited has no stock option plans and hence, such instruments do not form 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 2015-2016, the Company did not advance any loans to any of the Executive and/or Non-executive directors.

### 3.3 Stakeholders' Relationship Committee

This committee is headed by an Independent Director and comprises of following Directors:

- Dr. T. N. Kapoor – Chairman (Non-Executive Independent Director)
- Shri C. R. Sharma – 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 Stakeholders' Relationship Committee**

During the financial year 2015-2016 the Committee met 4 times-on 25th May, 2015, 4th August, 2015, 4th November, 2015 and 8th February, 2016 to review the grievances / complaints received from Shareholders.

1.	Number of shareholder's complaints received during the financial year 2015-2016	One
2.	Number of shareholder's complaints solved to the satisfaction of shareholders.	One
3.	Number of pending shareholders' complaints	NIL

#### **Compliance Officer**

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

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

### 3.4 Other Committees

#### 3.4.1 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)

#### **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 2015-2016 the committee met 13 (Thirteen) times.

#### 3.4.2 Corporate Social Responsibility Committee

The CSR Committee of the Company comprises the followings:

- Mr. Anil Aggarwal - Chairman (Managing Director)
- Mr. Atul Aggarwal - Member (Whole Time Director)
- Mr. C.R. Sharma - Member (Non- Executive Independent Director)

#### **Terms of reference:**

The terms of reference of the CSR Committee are as follows:

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) monitor the Corporate Social Responsibility Policy of the Company from time to time.

The CSR Policy of the Company can also be viewed at [www.stlfasteners.com/new/news.asp](http://www.stlfasteners.com/new/news.asp)

#### **Meetings of Corporate Social Responsibility Committee**

During the Financial Year 2015-2016, the Committee met twice -on 4th August, 2015 and 8th February, 2016. The attendance of each Member of the Committee is given below:

<b>Name of Directors</b>	<b>No. of Meetings attended</b>
Shri. C. R. Sharma	2
Shri. Anil Aggarwal	2
Shri Atul Aggarwal	2

#### **Role of the Company Secretary in overall governance process**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-

making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. The Company Secretary interfaces between the management and regulatory authorities for governance matters.

## 4. General Body Meetings

### 4.1 Annual General Meeting (AGM)

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

Financial Year	Date	Time	Venue	Special Business
2014-2015	29.09.2015	04:00 P.M.	LakshmiPat Singhania Auditorium, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	Appointment of Ms. Malini Sud as an Independent Director, Approving remuneration of cost auditors, Approving remuneration of cost auditors.
2013-2014	02.09.2014	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	Appointment of Independent Directors, Alteration of Articles of Association, Approving remuneration of cost auditors, Reappointment and payment of remuneration to Chairman, WTD and MD.
2012-2013	08.07.2013	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	-NONE-

### 4.2 Special Resolutions passed at the last 3 AGMs:

Date	Time	Special Resolution
29.09.2015	04:00 P.M.	-NONE-
02.09.2014	09:30 A.M.	Appointment of Independent Directors, Alteration of Articles of Association, Reappointment and payment of remuneration to Chairman, WTD and MD
08.07.2013	09:30 A.M.	-NONE-

### 4.3 Special Resolution passed through Postal Ballot in last year:

During the year the Company had passed only one special resolution through Postal ballot i.e. for alteration of object clause.

In the Postal Ballot conducted pursuant to Clause 35B of the Listing Agreement, the Company had also offered e-voting facility through NSDL as an alternate to enable the shareholders to cast their vote electronically.

The Company had appointed Shri A. K. Goyal, Company Secretary in Practice as Scrutinizer for conducting the postal ballot / e-voting process.

The result of the Postal Ballot was declared on 9th October, 2015. Detail of the voting pattern was as under:

Description of Resolution	No. of total valid Postal Ballot Forms / e-votes received	Votes Cast (No. of shares)	
		For	Against
Alteration of object clause	61	4807594	3741

#### 4.4 Details of special resolution proposed to conducted through postal ballot:

No special Resolution is proposed to be conducted through postal ballot at the AGM to be held on 29th September, 2016.

### 5. Means of Communication

The Board recognizes the importance of two-way communication with shareholders and giving a balanced report of results and progress and responding to questions and issues raised in a timely and consistent manner. The Company website ([www.stlfasteners.com](http://www.stlfasteners.com)) has information for institutional and retail shareholders alike. Shareholders seeking information related to their shareholding may contact the Company directly and Management of the Company been meeting the Analysts upon their requests to appraise them about the current working as well as future vision of the Company.

The quarterly/half yearly results are being furnished to stock exchanges and also are being published in leading English Newspapers Financial Express –All edition & Money Makers-Delhi and Hindi Newspaper Dainik Mahalaxmi-Delhi and are displayed on the website of the Company–[www.stlfasteners.com/new/news.asp](http://www.stlfasteners.com/new/news.asp).

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.

### 6. General Shareholder Information

#### (i) Annual General Meeting

Date	: Thursday, 29th September, 2016
Time	: 4:00 P.M.
Venue	: <b>Lakshmipat Singhania Auditorium</b> PHD Chamber of Commerce and Industry PHD House, 4/2, Siri Institutional Area August Kranti Marg, New Delhi-110016

- (ii) **Financial Calendar** : 2016-2017, (1st April 2016 to 31st March 2017)
- Unaudited first quarter financial results : Before 2nd week of August, 2016
- Unaudited second quarter financial results : Before 2nd week of November, 2016
- Unaudited third quarter financial results : Before 2nd week of January, 2017
- Audited annual results for the year ending 31st March 2017 : May, 2017
- (iii) **Dividend Announcement** : The Board of Directors of Sterling Tools Limited has recommended an interim dividend of Rs. 5 per equity share (50%) three times for the financial year 2015-2016 in their meeting held on 4th August, 2015, 8th February, 2016 and 14th March, 2016 which have already been paid. Further, the Board of Directors in their meeting held on 20th May 2016 declared the Interim dividend already paid as final dividend for the Financial year 2015-2016. Dividend paid in the previous year was Rs. 5 per equity share (50%).
- (iv) **Dates of Book Closure** : The Register of Members and Share Transfer Books of the company will remain closed from Friday, 23rd September, 2016 to Thursday, 29th September, 2016 both days inclusive, for the purpose of Annual General Meeting.
- (v) **Date of Dividend Payment** : The payment of interim dividend recommended by Board of Directors in their meeting 4th August, 2015, 8th February, 2016 and 14th March, 2016 have already been paid on 20th August, 2015, 20th February, 2016 and 29th March, 2016 respectively 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 10th August, 2015, 16th February, 2016 and 22nd March, 2016 respectively 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 10th August, 2015, 16th February, 2016 and 22nd March, 2016 respectively.
- (vi) **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

(vii) **Company's ISIN No.** : **INE334A01015**

1. BSE, Mumbai : 530759

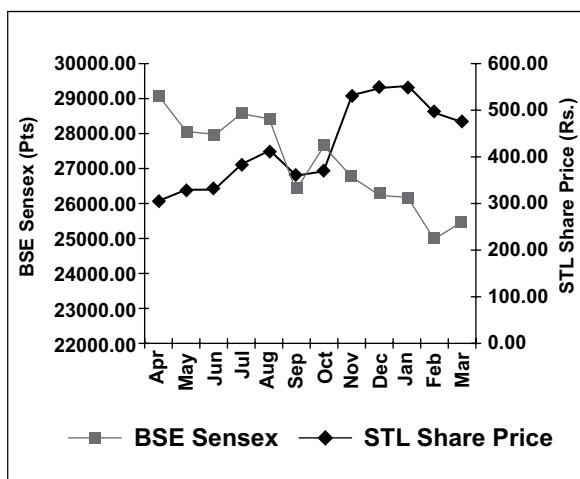
2. NSE, Mumbai : STERTOOLS

Listing fees as applicable have been paid.

(viii) **Market Share price data on BSE during the financial year 2015-2016**

**Stock Price Performance-STL Vs BSE Sensex Financial Year 2015-2016**

Month	High	Low
April 2015	304.90	259.40
May 2015	329.00	257.10
June 2015	329.90	264.00
July 2015	383.30	317.00
August 2015	413.00	321.10
September 2015	360.00	306.10
October 2015	370.00	325.50
November 2015	529.40	346.70
December 2015	548.00	453.25
January 2016	550.00	400.00
February 2016	495.00	400.00
March 2016	474.40	410.00

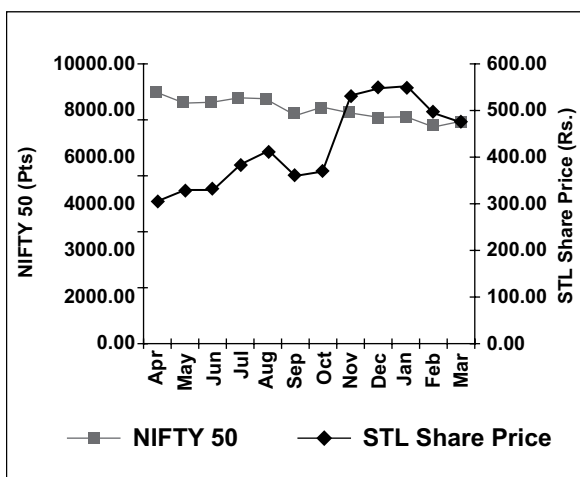


**Note:** Based on the Monthly highest data of STL (Rs. Per Share) and BSE Sensex (Pts.)

(ix) **Market Share price data on NSE during the financial year 2015-2016**

**Stock Price Performance-STL Vs NIFTY 50 Financial Year 2015-2016**

Month	High	Low
April 2015	303.00	256.00
May 2015	330.00	257.00
June 2015	329.90	261.00
July 2015	385.00	318.00
August 2015	409.95	322.05
September 2015	362.00	310.00
October 2015	379.95	327.50
November 2015	536.00	349.00
December 2015	550.00	453.00
January 2016	564.95	392.00
February 2016	570.00	400.00
March 2016	472.00	407.00



**Note:** Based on the Monthly highest data of STL (Rs. Per Share) and NIFTY 50 (Pts.)

- (x) **Registrar and Transfer Agent** : MAS Services Limited  
T-34, 2nd Floor, Okhla Industrial Area,  
Phase-II, New Delhi-110020
- (xi) **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 readwith the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015, the Company has delegated the power of share transfer to R & T Agent- M/s Mas services Limited.

**xii) Distribution of shareholding as on 31st March, 2016 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
3340	91.008	1 TO 5000	319278	3192780	4.665
170	4.632	5001 TO 10000	133663	1336630	1.953
76	2.071	10001 TO 20000	117084	1170840	1.711
24	0.654	20001 TO 30000	60292	602920	0.881
8	0.218	30001 TO 40000	30729	307290	0.449
13	0.354	40001 TO 50000	60587	605870	0.885
13	0.354	50001 TO 100000	99654	996540	1.456
26	0.708	100001 AND ABOVE	6023313	60233130	88.001
<b>3670</b>	<b>100.000</b>	<b>TOTAL</b>	<b>6844600</b>	<b>68446000</b>	<b>100.00</b>

**(xiii) Shareholding Pattern:**

	As on 31st March 2016		As on 31st March 2015	
	No. of shares	% to total Capital	No. of shares	% to total Capital
Promoters	4801235	70.15	4801235	70.15
Mutual Funds	27822	0.41	27822	0.41
NRIs and OCBs	19580	0.29	20804	0.30
Body Corporate	107512	1.57	205144	3.00
Indian Public	1888451	27.58	1789595	26.14
<b>Total</b>	<b>6844600</b>	<b>100.00</b>	<b>6844600</b>	<b>100.00</b>

- xiv) Dematerialisation of Shares** : The Shares of the Company are in Compulsory Demat segment as on 31st March, 2016.

The summarised position of shareholders in Physical and Demat segment as on 31st March, 2016 is as under:

Type of shareholding	No. of shareholders	Physical Shares	Demat Shares
Equity	3670	64229	6780371
Preference	NIL	NIL	NIL

- (xv) Outstanding GDRs/ ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:** : The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2016, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

- (xvi) Shares in suspense account** : The Company doesn't hold any shares in unclaimed suspense Account.

- xvii) Commodity Price Risk / Foreign Exchange Risk and Hedging activities:** : The Company is exposed to foreign exchange risk on account of import and export transactions entered. The Company is proactively mitigating these risks by entering into commensurate hedging transactions as per the Company's Enterprise Risk Management Policy. The Company is subjected to the risk of fluctuations in raw materials price and Dollar-Rupee movement. There is no financial instrument available for hedging such risk, and hence, the Company minimizes this risk by managing its inventory based upon its past experience and other relevant factors.

- (xviii) Plant Locations** : (i) 5A, DLF Industrial Estate, Faridabad 121 003, Haryana.  
(ii) 81, Sector-25, Ballabgarh, Faridabad, Haryana.  
(iii) 49 KM Stone, Delhi Mathura Road, Village-Prithla, Distt.-Palwal.

- xix) Address for correspondence** : Investors and Shareholders are requested to send all correspondence to the Registrar & Transfer Agent at the address given above.

- (xx) 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.



## **7. Other Disclosures**

### **7.1 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.

The Related Party Transaction Policy is available on the website of the Company <http://www.stlfasteners.com/new/news.asp>.

### **7.2 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.

### **7.3 Whistle Blower Policy/Vigil Mechanism**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy which provides a channel to the employees and Directors to report to the Management concerns about unethical behavior, actual or suspected fraud or violation of the codes of conduct or policy.

The Company has provided email address of Vigilance and Ethics Officer in its policy to whom all protected disclosures should be addressed. The employees are encouraged to voice their concerns by way of whistle blowing and all the employees have been given access to the Audit Committee. The Whistle Blower Policy is available on the website of the Company <http://www.stlfasteners.com/new/news.asp>.

### **7.4 Policy on disclosure of material events**

The Company has also adopted policies on determination of material events and policy for preservation of documents. The said policies are available on the website of the Company <http://www.stlfasteners.com/new/news.asp>.

### **7.5 Details of Compliance with Mandatory requirements and adoption of non-mandatory requirements**

The Company has duly complied with all the mandatory provisions of SEBI / Listing Regulations as amended from time to time.

Adoption of non-mandatory requirements as stipulated under Listing Regulations are being reviewed by the Board from Time to Time.

## **7.6 Reconciliation of share capital Audit**

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

## **7.7 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.

## **7.8 Compliance with discretionary requirements**

The Company has duly complied with the following discretionary requirements as prescribed in schedule II part E of the SEBI Listing Regulations:

### **a. 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.

### **b. Audit qualifications**

The Board has recommended to the shareholders, the re-appointment of M/s S.R. Dinodia & Co., LLP (SRD) as auditors. SRD has furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declaring that they have not taken up any prohibited non audit assignments for the Company. Mr. Pradeep Dinodia has signed the audit report for 2015-16 on behalf of firm and there is no Audit Qualification by the Statutory Auditors.

### **c. Presentation by Internal Auditors**

The Internal Auditors make presentations to the Audit Committee on their reports.

## **7.9 Subsidiary Companies**

The Company doesn't have any subsidiary.

## **8 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 Listing Regulations 2015. This code is also posted on the website of the Company i.e. <http://www.stlfasteners.com/new/news.asp>.

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, 2016. The Annual Report of the Company contains a certificate by the Managing Director & CEO in this regard.

## **9. Code of conduct for Insider Trading**

The Securities and Exchange Board of India vide its Notification dated January 15, 2015 has notified The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (New Regulations) to protect the interest of investors and these Regulations came into effect from May 15, 2015.

In accordance with these SEBI Regulations as amended, the Company has established systems and procedures to restrict insider trading activity. The aforesaid systems prohibits the Directors of the Company and other specified employees dealing in the securities of the Company on the basis of any unpublished price sensitive information, available to them by virtue of their position in the Company. The objective of this Code is to prevent misuse of any unpublished price sensitive information and prohibit any insider trading activity, in order to protect the interest of the shareholders at large.

The Code of Conduct for insider trading is available on the website of the Company <http://www.stlfasteners.com/new/news.asp>.

## **10. Report on Corporate Governance**

This Corporate Governance Report forms part of the Annual Report. The Company is fully compliant with all the provisions of Listing Regulation 2015 of the Stock Exchanges of India.

## **11. CEO/CFO Certification**

As required by Regulation 33 of the LODR Regulations, the CEO/CFO certification is given elsewhere in the Annual Report.

## **12. Compliance**

A Certificate from the Statutory Auditors of the Company, confirming compliance with all the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations & Disclosure Requirement) Regulation, 2015 of the stock exchanges is annexed to the Directors' Report and forms part of the Annual Report.

## CEO AND CFO CERTIFICATION

We, Anil Aggarwal, Managing Director and Atul Aggarwal, Chief Financial Officer 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 31-03-2016 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 31-03-2016.

**Date: 29.07.2016**  
**Place: Faridabad**

**ANIL AGGARWAL**  
**MANAGING DIRECTOR**  
**DIN No. 00027214**

**ATUL AGGARWAL**  
**CHIEF FINANCIAL OFFICER**  
**PAN No. AAUPA6243R**

# Auditors' Certificate

To

The Members of  
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 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to 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 was limited to procedures 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 best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the Listing agreement of the said Company with the stock exchanges.

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. LLP.**  
**Chartered Accountants**  
**Firm's Registration Number 001478N/N500005**

**(Sandeep Dinodia)**  
**Partner**  
**Membership Number 083689**

**Place : New Delhi**  
**Dated: 02.08.2016**

# Management Discussion and Analysis Report

## OVERVIEW

The global economy is expected to grow modestly in 2016 as per IMF predictions. India takes over as the fastest growing BRIC in fiscal 2015 with 7.5 percent GDP growth, accelerating to 8% in fiscal 2016 driver by structural reforms and higher investment. The “Make in India” campaign of the government has motivated the entire manufacturing sector.

## INDUSTRY STRUCTURE & DEVELOPMENTS

Sterling Tools limited is engaged in manufacturing of high tensile cold forged fasteners. Thus the performance of Company is mainly dependent on the growth of automobile sector.

As per **Society of Indian Automobile Manufacturers (SIAM)**, the Indian Automotive Industry is one of the largest automotive markets in the world. The automotive industry is an engine of growth for the Indian economy, with manufacturing for domestic market as well as for export market. The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP).

The Two Wheelers segment with 81 per cent market share is the leader of the Indian Automobile market owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector. The overall Passenger Vehicle (PV) segment has 13 per cent market share.

Over the years, the auto components/auto ancillary industry has adopted well to the changes in the policy and regulatory environment and the needs of its customers.

Globally, the Auto Ancillary Industry is expected to grow at a steady pace due to the rising demand from automobile sector and huge growth potential of the manufacturing sector worldwide.

As per the industrial statistic furnished by **Society of Indian Automobile Manufacturers (SIAM)**, the production, export and domestic sales trends in the Automobile industry for various financial years are detailed below:

### Automobile Production Trends

Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Passenger Vehicles	29,82,772	31,46,069	32,31,058	30,87,973	32,21,419	34,13,859
Commercial Vehicles	7,60,735	9,29,136	8,32,649	6,99,035	6,98,298	7,82,814
Three Wheelers	7,99,553	8,79,289	8,39,748	8,30,108	9,49,019	9,33,950
Two Wheelers	1,33,49,349	1,54,27,532	1,57,44,156	1,68,83,049	1,84,89,311	1,88,29,786
<b>Grand Total</b>	<b>1,78,92,409</b>	<b>2,03,82,026</b>	<b>2,06,47,611</b>	<b>2,15,00,165</b>	<b>2,33,58,047</b>	<b>2,39,60,409</b>

### Automobile Domestic Sales Trends

Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Passenger Vehicles	25,01,542	26,29,839	26,65,015	25,03,509	26,01,236	27,89,678
Commercial Vehicles	6,84,905	8,09,499	7,93,211	6,32,851	6,14,948	6,85,704
Three Wheelers	5,26,024	5,13,281	5,38,290	4,80,085	5,32,626	5,38,092
Two Wheelers	1,17,68,910	1,34,09,150	1,37,97,185	1,48,06,778	1,59,75,561	1,64,55,911
<b>Grand Total</b>	<b>1,54,81,381</b>	<b>1,73,61,769</b>	<b>1,77,93,701</b>	<b>1,84,23,223</b>	<b>1,97,24,371</b>	<b>2,04,69,385</b>

## Automobile Export Sales Trends

Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Passenger Vehicles	4,44,326	5,08,783	5,59,414	5,96,142	6,21,341	6,53,889
Commercial Vehicles	74,043	92,258	80,027	77,050	86,939	1,01,689
Three Wheelers	2,69,968	3,61,753	3,03,088	3,53,392	4,07,600	4,04,441
Two Wheelers	15,31,619	19,75,111	19,56,378	20,84,000	24,57,466	24,81,193
<b>Grand Total</b>	<b>23,19,956</b>	<b>29,37,905</b>	<b>28,98,907</b>	<b>31,10,584</b>	<b>35,73,346</b>	<b>36,41,212</b>

(Source of Information: SIAM)

## OPPORTUNITIES & THREATS

As mentioned earlier, the performance of our Company is associated with the performance of Automobile Industry in India. The factors which contribute towards the growth of the Automobile Industry are detailed below:

Key drivers for the growth of Indian Auto industry:



Moreover, our Company is known for its quality products and we are expanding our business in Global Market especially in Europe and North America.

## THREATS

- Less skilled labor and lack of technologies is one of the threat which exists for Indian Automobile Sector.
- Increase in the import tariff and technology cost makes production cost higher.
- Increased congestion in urban areas is one of the main reason which creates hindrance in growth of Automobile Sector.
- Changes in regulatory requirements.

## PRODUCT-WISE PERFORMANCE

The Company operates in one segment only i.e. High Tensile Cold Forged Fasteners. The performance of this product is covered in 'Review of Operations' which forms part of Directors' Report.

## OUTLOOK

In order to become preferred suppliers of customer and keeping in mind the technicalities involved in manufacturing customized fasteners, Company is laying immense emphasis on research & development' process for providing continuous improvement in existing products and for developing new products as well.

The Company has established its Test Laboratory for conducting quality tests for its products as well as for its Customers.

Training from Product-line Experts are arranged in-house as well as Employees are sent for trainings in foreign countries for Kaizen initiatives and for up- gradations.

The Company is optimistic about medium and long term and is gearing up for growth. The Company is actively exploring all new business opportunities in terms of new product development.

## RISK & CONCERNS

The Company is exposed to external and internal risks associated with the business broadly classified in following two categories:

### **Business Risk:**

- Downturn in economy
- Change in Government Policies and legislation
- Economy' Growth
- Stiff competition from both domestic and overseas.
- Cost Inflation in manufacturing input costs

### **Financial Risk:**

- Risks associated with fluctuations in foreign currency rates
- High Interest rates.

All the aforesaid risks are managed through continuous review of business parameters on a regular basis by the management. The Board of Directors are also informed periodically of the risks and concerns. Corrective actions and mitigation measures are taken as needed.

## INTERNAL CONTROL SYSTEM & THEIR ADEQUACY

Over the years, formal and independent evaluation of internal controls by Internal Audit and timely remediation of deficiencies by management have resulted in strong framework for Internal Controls, commensurate with the size and complexity of the business.

The internal control framework essentially has two elements:

- (1) Policies, procedures and guidelines designed to achieve efficiency and effectiveness in operations and compliance with laws and regulations;
- (2) An assurance function provided by Internal Auditors



The Company has documented risk control matrices mapping various processes which would be continuously reviewed and monitored for changes warranted due to business needs. The Internal Auditors monitors the efficiency of the internal controls/ compliance with documented Risk control matrices with the objective of providing the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organisation's risk management and Internal Financial controls.

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.

## **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

Revenue from Operations (Gross) for the year ended March 31, 2016 at Rs. 41298.90 Lacs show the increase of 9.24% against Rs. 37804.95 Lacs for the previous year despite enormous competition in automotive and other sector.

- Operating profit, excluding other income was Rs. 6188.80 Lacs for the year 2015-2016 increased by 32.84% as compared Rs. 4658.81 Lacs for the year 2014-2015.
- Operating margin was 16.75% for the year 2015-2016 as against 13.70% for the year 2014-2015.
- Other income was Rs. 164.60 Lacs for the year 2015-2016 increased by 36.43% as against Rs. 120.65 Lacs for the year 2014-2015.
- Interest expenses were Rs. 561.76 Lacs for the year 2015-2016 as against Rs. 655.44 Lacs for the year 2014-2015.
- Corporate tax liability including Deferred, Fringe Benefit and Wealth Tax Liability for the year was Rs. 1504.63 Lacs for the year 2015-2016 as against Rs. 751.78 Lacs for the year 2014-2015.
- Net profit was Rs. 2841.53 Lacs for the year 2015-2016 increased by 33.90% as against Rs. 2212.16 Lacs for the year 2014-2015.
- Paid up equity share capital as on March 31, 2016 stood at Rs. 684.46 Lacs.
- Earnings Per share (EPS) was Rs. 41.51 for the year 2015-2016 as against Rs. 31.00 for the year 2014-2015.
- Cash Earnings Per share (CEPS) was Rs. 61.10 for the year 2015-2016 as against Rs. 48.58 for the year 2014-2015.
- STL has contributed a foreign exchange to the tune of Rs. 3334.73 Lacs for the year 2015-2016 as against Rs. 3630.87 Lacs for the year 2014-2015.

## **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

Your Company strongly and firmly believes that the employee is the first customer an organization has to win, and to fulfill this purpose it is important to have a team whose members are well conversant with both technical and commercial knowledge.

Being a manufacturing Company, workers form an important link in the chain of growth. A congenial atmosphere has been created at the shop floor level and all facilities required for a secure and cordial environment are provided. Management at all level takes care of the interest of the workforce and frequent interactive sessions are conducted throughout the year.

Your Company continues to reward to its talented employees at all levels to recognize every effort made towards improvement in the workplace.

The employee-management relations have remained positive throughout the year. Initiatives are being taken to enhance the productivity of employees.

At Sterling lot of focus has been given to HR Transformation activities to restore the HR organisation structure and processes.

Significant efforts have gone into developing the existing Human Resources of the Company by organizing various trainings in-house as well as out bound trainings to enhance the behavior potentials of employees such as leadership qualities, communication, quality aspects, analytical capabilities etc.

Apart from above said, the requisite trainings related to job work, as well as for job rotations have also been organized by the Company to enhance the multi skill abilities of existing work force.

Industrial relations have been harmonious in all units.

As on 31st March, 2016, 601 employees are on Sterling's payroll.

### **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.

# Independent Auditor's Report

## TO THE MEMBERS OF STERLING TOOLS LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying financial statements of **Sterling Tools Limited ("the Company")**, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information,

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its profit and cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure-B**".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. On the basis of written representations received from the management of the Company, the Company does not have any pending litigations which would impact its financial position; except for the cases which are disclosed under sub-note "Contingent Liabilities & Commitments" under Note No. 8 of the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. *However, the Company uses derivative financial instruments such as forward contracts to hedge its risks associated with certain foreign currency transactions; which are short term in nature and details of outstanding contracts is disclosed in Note No. 29 of the financial statements.*
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S.R. Dinodia & Co. LLP**  
**Chartered Accountants,**  
**Firm Registration Number 001478N/N500005**

Place of Signature: Faridabad  
Date: 20 May, 2016

(Pradeep Dinodia)  
Partner  
Membership No. 080617

## **Annexure 'A' To the Independent Auditors' Report**

The Annexure referred to in independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2016, we report that:

- i) In respect of fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified at periodic intervals. In accordance with this programme for the year, no material discrepancies were noticed on such verification. In our opinion, such periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c) On the basis of written representation received from the management of the Company, the title deeds of immovable properties held in the name of the Company are mortgaged with the Banks for securing the long term borrowings and credit limits raised by the Company.
- ii) In respect of its inventory:
  - a) On the basis of information and explanation provided by the management, inventories have been physically verified by the management during the year. In our opinion the frequency of physical verification followed by the management is reasonable.
  - b) No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii) (a) to (c) According to the information and explanation given to us, the Company had not granted loans, secured or unsecured, to any of the Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of paragraph 3(iii) (a) to (c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- iv) According to the information and explanation given to us, The Company has no loans, investments, guarantees, and security covered under the provisions of section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of paragraph 3(iv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- v) The Company has not accepted any deposits from the public.
- vi) On the basis of available information and explanation provided to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Amendment Rules, 2014 dated December 31, 2014 to the current operations carried out by the Company. Accordingly, the provisions of paragraph 3(vi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities.

Further there were no undisputed outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable.

- (b) According to the records of the Company examined by us and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax, except the following, which have not been deposited on account of any dispute:

S.No.	Name of the Statute	Nature of Dues	Amount (₹)	Period to which amount relates	Forum where dispute is pending
1.	Central Excise Act, 1944	(a) Excise Duty and Penalty	3,990,394	February 2010-March 2010	CESTAT, New Delhi
		(b) Excise Duty and Penalty	5,326,546	November 2010-January 2011	CESTAT, New Delhi
		(c) Excise Duty and Penalty	22,226,095	February 2011 - September 2015	Office of Commissioner of Central Excise Audit - II
2.	Central Excise Act, 1944	Interest on Excise Duty & penalty referred in point 1(a) & (b) above	3,678,036	February 2010-January 2011	Since excise duty and penalty referred in point 1(a) & (b) above are pending at CESTAT, New Delhi, therefore interest relating to said matters will be decided accordingly
3.	Haryana Value Added Tax, 2003	Vat on account of Sale of Capital Goods (Cars)	98,594	A.Y. 2009-10	Hon'ble Haryana Tax Tribunal at Chandigarh
4.	Haryana Value Added Tax, 2003	Liability of Sales Tax due to pending C Forms	144,169,643	A.Y. 2013-14 to A.Y. 2015-16	Jurisdictional Assessing Officer. (Haryana Value Added Tax Department)
5.	Income Tax Act, 1961	Demand under the Income Tax Act, 1961	62,830	A.Y. 2013-14	Jurisdictional Assessing Officer (Income Tax Department)
6.	Income Tax Act, 1961	Demand under the Income Tax Act, 1961	1,185,580	A.Y. 2014-15	Jurisdictional Assessing Officer (Income Tax Department)

- viii) On the basis of information and explanation provided to us, Company has not defaulted in repayment of loans and borrowings to the bank. However, there were no dues outstanding towards debenture holders as at March 31, 2016.
- ix) The Company did not raise any money by the way of initial public or further public offer (including debt instruments) during the year. However, the term loans taken during the year were applied for the purpose for which the same has been raised.
- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) The Company has paid or provided managerial remuneration to its directors during the year in accordance with provisions of section 197 read with Schedule V to the Companies Act, 2013 as applicable to the Company.

- xii) The Company is not a nidhi company hence the provisions of paragraph 3(xii) of the Order are not applicable to the Company.
- xiii) During the course of our examination of the books and records of the Company, all transactions entered with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the financial statements etc, as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of paragraph 3(xiv) of the Order are not applicable to the Company.
- xv) The Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of paragraph 3(xv) of the Order are not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of paragraph 3(xvi) of the Order are not applicable to the Company.

**For S.R. Dinodia & Co. LLP**  
**Chartered Accountants,**  
**Firm Registration Number 001478N/N500005**

**Place of Signature: Faridabad**  
**Date:20 May, 2016**

**(Pradeep Dinodia)**  
**Partner**  
**Membership No. 080617**

## **Annexure 'B' to the Independent Auditors' Report of even date on the standalone financial statement of Sterling Tools Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Sterling Tools Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A



company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S.R. Dinodia & Co. LLP  
Chartered Accountants,  
Firm Registration Number 001478N/N500005**

**Place of Signature: Faridabad  
Date: 20 May, 2016**

**(Pradeep Dinodia)  
Partner  
Membership No. 080617**

# Balance Sheet as at 31st March, 2016

(Currency : ₹ except otherwise specified)

Particulars	NOTE NO.	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share Capital	3	68,446,000	68,446,000
Reserves and surplus	4	1,265,233,210	1,104,650,663
		<b>1,333,679,210</b>	<b>1,173,096,663</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	230,952,111	217,404,755
Deferred tax liabilities (Net)	6	146,577,040	136,568,976
Other Long term liabilities	7	3,694,823	3,226,707
Long-term provisions	8	5,688,379	5,658,315
		<b>386,912,352</b>	<b>362,858,753</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	9	315,736,374	393,861,262
Trade Payables	10		
-Total outstanding dues of micro and small enterprises		3,460,723	6,106,560
-Total outstanding dues of creditors other than micro and small enterprises		262,251,972	255,028,269
Other Current Liabilities	11	193,170,473	160,654,662
Short-Term Provisions	8	2,392,837	8,150,768
		777,012,379	823,801,521
<b>TOTAL</b>		<b>2,497,603,941</b>	<b>2,359,756,937</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	1,381,757,001	1,300,606,194
Intangible assets	12	1,268,910	675,442
Capital work-in-progress	12	10,630,662	4,117,755
Non-current investments	13	58,825,000	58,825,000
Long-term loans and advances	14	34,651,273	31,939,068
Other Non current assets	16	-	7,924,005
		1,487,132,846	1,404,087,464
<b>Current assets</b>			
Inventories	15	410,930,304	416,808,724
Trade receivables	16	360,642,630	389,911,857
Cash and other Bank Balances	17	114,574,658	12,983,935
Short-term loans and advances	14	114,734,920	119,918,018
Other current assets	16	9,588,585	16,046,940
		1,010,471,095	955,669,473
<b>TOTAL</b>		<b>2,497,603,941</b>	<b>2,359,756,937</b>
<b>Significant Accounting Policies</b>	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 of Sterling Tools Limited**

**FOR S.R. DINODIA & CO. LLP.**  
**CHARTERED ACCOUNTANTS**  
**Reg No. 001478N/N500005**

(Pradeep Dinodia)  
**Partner**  
**M.No. 080617**

Place of Signature: Faridabad  
 Date: 20 May, 2016

(M. L. Aggarwal)  
**Chairman**  
**DIN No.00027380**

(Atul Aggarwal)  
**Chief Financial Officer**  
**PAN No.: AAUPA6243R**

(Anil Aggarwal)  
**Managing Director**  
**DIN No.00027214**

(Vaishali Singh)  
**Company Secretary**  
**PAN No.: AVIPS7863A**

# Statement of Profit & Loss for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Incomes</b>			
I Revenue from Operations (Net)	18	3,693,746,673	3,400,572,011
II Other Income	19	16,460,490	12,065,467
<b>III Total Income</b>		<b>3,710,207,162</b>	<b>3,412,637,478</b>
<b>Expenses</b>			
(a) Cost Of Raw Material Consumed	20	1,426,157,139	1,498,670,188
(b) Changes In Inventories In Finished Goods, Work-In-Progress And Stock In Trade	21	8,357,666	(25,515,886)
(c) Employee Benefits Expense	22	320,861,754	280,059,309
(d) Finance Cost	23	62,836,756	73,685,567
(e) Depreciation And Amortization Expense	12	134,058,384	120,312,957
(f) Other Expenses	24	1,319,489,695	1,181,477,513
<b>IV Total Expenses</b>		<b>3,271,761,395</b>	<b>3,128,689,652</b>
<b>V Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>438,445,767</b>	<b>283,947,827</b>
VI Exceptional Items	25	(3,830,059)	3,445,993
<b>VII Profit Before Tax (V-VI)</b>		<b>434,615,708</b>	<b>287,393,819</b>
<b>VIII Tax Expense</b>			
(a) Current Tax		140,353,300	76,575,800
(b) Deferred Tax	6	10,008,064	8,312,118
(c) Tax Adjustment For Earlier Years		101,806	(9,709,716)
<b>IX Profit after tax/Profit for the year</b>		<b>284,152,538</b>	<b>212,215,617</b>
<b>X Earnings Per Equity Share</b>			
(a) Basic	27	41.51	31.00
(b) Diluted		41.51	31.00

## 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 of Sterling Tools Limited**

**FOR S.R. DINODIA & CO. LLP.**  
**CHARTERED ACCOUNTANTS**  
**Reg No. 001478N/N500005**

(Pradeep Dinodia)  
 Partner  
 M.No. 080617

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

(Anil Aggarwal)  
 Managing Director  
 DIN No.00027214

Place of Signature: Faridabad  
 Date: 20 May, 2016

(Atul Aggarwal)  
 Chief Financial Officer  
 PAN No.: AAUPA6243R

(Vaishali Singh)  
 Company Secretary  
 PAN No.: AVIPS7863A

# Cash Flow Statement for the year ended 31 March, 2016

(Currency : ₹ except otherwise specified)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	434,615,708	287,393,819
<b>Adjustments for :</b>		
Depreciation & Amortisation (Net)	134,058,384	120,312,957
Unrealized Foreign Exchange Gain & Loss	198,604	828,896
Interest On Delayed Payment Of Advance Taxes	1,760,415	531,837
(Profit)/ Loss On Sale Of Fixed Assets	10,117,511	6,651,380
Finance Cost	56,175,708	65,544,254
Bad Debt Written Off	13,478,504	23,154,618
Provision For Doubtful Trade Receivables	2,492,936	6,287,446
<b>Operation Profit Before Working Capital Changes</b>	<b>652,897,769</b>	<b>510,705,207</b>
<b>Adjustment for :</b>		
(Increase)/ Decrease in Trade Receivables	13,099,183	(81,177,822)
(Increase)/ Decrease in Other Receivables	22,654,717	(72,678,790)
(Increase)/ Decrease in Inventories	5,878,419	(58,772,757)
(Increase)/ Decrease in Trade Payables	4,577,866	55,616,390
(Increase)/ Decrease in Other Liabilities	1,827,659	11,010,988
(Increase)/ Decrease in Provisions	300,552	642,426
	<b>48,338,398</b>	<b>(145,359,566)</b>
Net Cash Generated From Operations	701,236,167	365,345,641
Direct Taxes Paid	(139,715,863)	(84,550,878)
<b>Net Cash Provided/ (Used) in Operating Activities (A)</b>	<b>561,520,304</b>	<b>280,794,763</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (including Capital Work- in Progress & Payment for Capital Advances)	(255,799,255)	(298,038,197)
Sale Of Fixed Assets	8,466,599	12,986,217
Investment in Joint Venture Company	-	(11,250,000)
<b>Net Cash Provided/ (Used) in Investing Activities (B)</b>	<b>(247,332,656)</b>	<b>(296,301,980)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Long-Term Borrowings	172,810,065	119,938,815
Dividend Paid Including Dividend Tax	(123,569,991)	(40,039,199)
Repayment Of Long-Term Borrowings	(127,536,403)	(113,156,315)
Short Term Borrowings	(78,124,888)	63,303,098
Interest Paid	(56,175,708)	(65,544,255)
<b>Net Cash Provided/ (Used) in Financing Activities (C)</b>	<b>(212,596,925)</b>	<b>(35,497,855)</b>
<b>Net (Decrease)/Increase In Cash or Cash Equivalent (A+B+C)</b>	<b>101,590,723</b>	<b>(51,005,073)</b>
Cash & Cash Equivalents at beginning of the Year (Refer Note No.17)	12,983,935	63,989,008
Cash & Cash Equivalents at the end of the Year (Refer Note No.17)	<b>114,574,658</b>	<b>12,983,935</b>
Components of Cash & Cash Equivalents are:		
Balances with Scheduled banks :		
- On Current Accounts	22,701,654	9,547,521
- Deposits Accounts	87,607,479	-
- On Unpaid Dividend Accounts	2,740,840	2,264,713
Cash On Hand	952,685	1,171,701
Demand Draft in Hand	572,000	-
	<b>114,574,658</b>	<b>12,983,935</b>

Notes:- a) The figures in brackets represents outflows.

As per our Audit Report of even date attached

For & on behalf of Board of Directors of Sterling Tools Limited

**FOR S.R. DINODIA & CO. LLP.**  
**CHARTERED ACCOUNTANTS**  
Reg No. 001478N/N500005

(Pradeep Dinodia)  
Partner  
M.No. 080617

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

(Anil Aggarwal)  
Managing Director  
DIN No.00027214

Place of Signature: Faridabad  
Date: 20 May, 2016

(Atul Aggarwal)  
Chief Financial Officer  
PAN No.: AAUPA6243R

(Vaishali Singh)  
Company Secretary  
PAN No.: AVIPS7863A

# Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

## 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. The shares of the company listed on Bombay Stock Exchange and National Stock Exchange 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 have been prepared in accordance with applicable accounting standards and relevant presentation requirements of the Companies Act, 2013 and are based on the historical cost convention. The financial statements have been prepared on accrual basis and under the historical cost convention. The company has complied in all material respects with Accounting Standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule 2014 and the provisions of the Act (to the extent notified). The accounting policies adopted in the preparation of the financial statements are consistent with those of previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### b. Uses 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. Differences between the actual results and estimates are recognised in the year in which the results are known\materialised. Changes in estimates are reflected in the financial statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the financial statements.

### 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 (wherever applicable). Fixed assets under construction, and cost of assets not put to use before year end are shown as capital work in progress while advance paid towards acquisition of fixed assets are shown as capital advance under the head Loans & Advances.

Gain or loss arising on account of sale of fixed assets are measured as the difference between the net proceeds and the carrying amount of assets and are recognised in the statement of Profit and Loss in the year in which the asset is sold.

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 the period of lease.

Depreciation is provided as per useful life specified in schedule II to the Companies Act, 2013. Depreciation in case of additions is calculated on a pro-rata basis w.e.f. the start of the following month; in which the asset was capitalised. On assets sold, discarded, etc. during the year, depreciation is provided up to

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

the last day of the preceeding month vis-a-vis the actual date of sale. Further, the Schedule II to the Companies Act, 2013 requires that useful life and depreciation for significant components of an asset should be determined seperately. The identification of significant components is matter of technical judgement and is decided on case to case basis; wherever applicable.

### d. Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Following are the specific revenue recognition criteria:

- i) Revenue relating to sale of goods is recognised on dispatch of goods which coincides with the transfer of significant risks and rewards related to goods and are accounted for net of returns. Net sales, as disclosed, are exclusive of sales tax. 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.
- ii) Revenue relating to interest income is recognised on time proportionate basis determined by the amount outstanding and the rate applicable and where no significant uncertainty as to measurability or collectability exists.
- iii) Income from Export Incentives viz. Duty Drawback and Focus Product Scheme is recognized at year end on accrual basis.

### e. Inventories

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses where considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of purchase consists of the purchase price including duties and taxes other than those subsequently recoverable by the enterprise from the taxing authorities, freight inwards and other expenditure directly attributable for its acquisition.

The methods of determining cost of various categories of inventories are as under :

Nature of Inventories	Method of Valuation
Raw Materials	FIFO Method
Stores and spares & consumables	Weighted Average Method
Finished Goods and Work In Progress	Raw material cost on FIFO Method and includes conversion and other costs incurred in bringing the inventories to their present value and locations

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

### f. Retirement and Employee 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 (CL) 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. Terminal Benefits if any, are recognized as an expense immediately.

# Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

## Defined Contribution Plan

Contributions payable to recognized Provident Fund, Employee State Insurance scheme and labour welfare fund which are substantially defined contribution plans, are recognised as expense in the Statement of Profit & Loss, as they are incurred.

## Defined Benefit Plan

The cost of providing defined 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 Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognised 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. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

## Other Long Term Benefits

Long term compensated absences (EL) are provided for on the basis of actuarial valuation, using the Projected Unit Credit method, at the end of each financial year. Actuarial gains/ losses, if any, are recognised immediately in the Statement of Profit and Loss.

### g. Borrowing Cost

The borrowing costs which are directly attributable to the acquisition or construction of qualifying fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized as part of cost of the assets. All other borrowing costs are immediately recognised as an expense in the Statement of Profit and Loss.

### 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 Statement of Profit & Loss. 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:** The Company uses derivative financial instruments such as forward contracts to hedge its risks associated with certain foreign currency transactions. The premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the Contract. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or expense for the period.

### i. Investments

Investments, which are readily realizable and intended to be held for not 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.

# Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

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

### Current Tax

Current Tax is measured and expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessment/appeals. 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 the items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss. The provisions of current tax is made after considering impact if any, of provisions contained in Income Computation Disclosure Standards (ICDS) issued by CBDT vide Notification S.O. 892(E) dated March 31, 2015.

### Deferred Tax

Deferred tax 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 tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Such assets are reviewed as at each balance sheet date to re-assess realization.

### Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in the year is charged to the Statement of Profit and Loss as current tax. The Company recognise MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

## k. Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset or Cash Generating Unit (CGU) may be impaired. If any indication exists, the recoverable amount of the same is determined. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is reversed in Statement of Profit & Loss only if there has been a change in the assumptions used to determine the assets's recoverable amount since the last impairment loss was recognised.

## 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.



# Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

## m. Leases

The Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as Finance leases. Such assets are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as Operating leases. Lease rentals in case of Operating leases are charged to the Statement of Profit & Loss on accrual basis on straight line basis.

## n. Earning Per Share (EPS)

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extra ordinary items.

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

## o. Cash Flow Statement (CFS)

The cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated as specified in Accounting Standard -3 (AS-3) "Cash Flow Statement".

## p. Segment 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 (Accounts) Rules, 2014

**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.

## q. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## r. Classification of Current/ Non Current Assets & Liabilities

All assets & liabilities are presented as Current or Non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act 2013. Based on the nature of products and the time between acquisition of assets and disposal of liabilities, the Company has ascertained its operating cycle as 12 months for the purpose of Current/ Non-current classification of assets and liabilities.

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 3 : SHARE CAPITAL</b>		
<b>Authorised</b>		
10,000,000 (March 31,2015: 10,000,000) Equity Shares of ₹10/- each	100,000,000	100,000,000
	<b>100,000,000</b>	<b>100,000,000</b>
<b>Issued, Subscribed &amp; Paid-up</b>		
6,844,600 (March 31,2015: 6,844,600) Equity Shares of ₹10/- each fully paid up	68,446,000	68,446,000
	<b>68,446,000</b>	<b>68,446,000</b>

### (a) Reconciliation Statement of Equity Share Capital

	March 31, 2016		March 31, 2015	
	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 ₹ 10 per share. Each holder of Equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees (₹).

During the year ended March 31, 2016, the amount of per share interim dividend recognized as distributions to equity shareholders is ₹ 15 (March 31, 2015: ₹ 5).

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

	March 31, 2016		March 31, 2015	
	No. of shares	Holding %	No. of shares	Holding %
(i) Mr. Manohar Lal Aggarwal, Promoter	771,016	11.26%	771,016	11.26%
(ii) Mr. Anil Aggarwal, Promoter	1,568,128	22.91%	1,568,128	22.91%
(iii) Mr. Atul Aggarwal, Promoter	1,729,691	25.27%	1,729,691	25.27%
(iv) Mr. Jagdish Kumar Aggarwal	387,449	5.66%	390,730	5.71%

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 4 : RESERVE AND SURPLUS</b>		
<b>Capital Reserve</b>		
Balance at the beginning of the year	664,750	664,750
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Balance at the end of the year	<b>664,750</b>	<b>664,750</b>
<b>Security Premium Reserve</b>		
Balance at the beginning of the year	34,071,500	34,071,500
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Balance at the end of the year	<b>34,071,500</b>	<b>34,071,500</b>
<b>General Reserve</b>		
Balance at the beginning of the year	211,146,396	189,946,396
Add:- Addition during the year	28,400,000	21,200,000
Less:- Utilised during the year	-	-
Balance at the end of the year	<b>239,546,396</b>	<b>211,146,396</b>
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balance at the beginning of the year	858,768,017	712,624,676
Add: Addition during the year		
Balance of Statement of Profit & Loss	284,152,538	212,215,617
Less: Utilised during the year		
Interim Dividend Paid	102,669,000	34,223,000
[Dividend amount per share ₹ 15 (March 31,2015: ₹ 5)]		
Dividend Distribution Tax on Interim Dividend Paid	20,900,991	5,816,199
Transfer to General Reserve	28,400,000	21,200,000
Depreciation adjustment as per Schedule II of the Companies Act, 2013 (Net of Deferred Tax of ₹ 2,488,657)	-	4,833,077
Balance at the end of the year	<b>990,950,564</b>	<b>858,768,017</b>
<b>Total</b>	<b>1,265,233,210</b>	<b>1,104,650,663</b>

	Non Current portion		Current Maturities	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 5 : LONG TERM BORROWINGS</b>				
Indian rupee loan from Banks (Secured)				
-Term loans	230,952,111	217,404,755	144,769,040	113,042,734
<b>Total</b>	<b>230,952,111</b>	<b>217,404,755</b>	<b>144,769,040</b>	<b>113,042,734</b>
Less: Amount disclosed under head "Other Current Liabilities" (Refer Note No.11)	-	-	(144,769,040)	(113,042,734)
<b>Net Long Term Borrowings</b>	<b>230,952,111</b>	<b>217,404,755</b>	-	-

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

- a) The term loan(s) are secured by first equitable mortgage of certain Land & Building & hypothecation of Plant & Machinery & other fixed assets and personal guarantee by some of the directors of the Company.
- b) The term loan(s) carries interest ranging between 10% to 12%.
- c) The repayment profile of the term loan(s) is as set out below:

Bank/ Loan A/c No.	Nature of Loan	Balance No. of Installments	Installments starting on	Installments ending on
OBC/806	Term Loan	4	June 2011	July 2016
OBC/148	Term Loan	20	June 2013	November 2017
SBI/2066	Term Loan	11	April 2014	February 2017
SBI/7881	Term Loan	45	January 2015	January 2020
SBI/6326	Term Loan	1	November 2014	April 2016
OBC/3211	Term Loan	37	June 2016	April 2019
SBI/9978	Term Loan	60	February 2017	January 2022
OBC/2953	Term Loan	58	February 2016	January 2021

		As at March 31, 2016	As at March 31, 2015
<b>NOTE 6 : DEFERRED TAX LIABILITIES (NET)</b>			
<b>Deferred Tax Liability</b>			
Fixed Assets: Impact of Difference Between Depreciation As Per Income Tax Act & Depreciation/Amortization As Per Companies Act.		156,138,625	145,111,850
<b>Gross Deferred Tax Liability</b>	<b>(A)</b>	<b>156,138,625</b>	<b>145,111,850</b>
<b>Deferred Tax Assets</b>			
Impact Of Expenditure charged to the Statement of Profit & Loss in the Current Year but allowed for Tax Purposes on Payment Basis		8,067,806	5,403,373
Unrealised Exchange Fluctuation on capital goods		39,458	696,987
Provision of Lease Equalisation		171,902	305,409
Provision of doubtful Trade Receivables		862,755	2,137,105
Others		419,665	-
<b>Gross Deferred Tax Assets</b>	<b>(B)</b>	<b>9,561,585</b>	<b>8,542,874</b>
<b>Net Deferred Tax Liability</b>	<b>(A-B)</b>	<b>146,577,040</b>	<b>136,568,976</b>

		As at March 31, 2016	As at March 31, 2015
<b>NOTE 7 : OTHER LONG TERM LIABILITIES</b>			
Security Deposits		3,694,823	3,226,707
<b>Total</b>		<b>3,694,823</b>	<b>3,226,707</b>

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	Long Term		Short Term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 8 : PROVISIONS</b>				
<b>Provisions for employees benefits</b>				
Provision for Leave Encashment (refer note 22)	5,688,379	5,161,604	1,896,126	1,720,535
	<b>(A)</b>	<b>5,688,379</b>	<b>1,896,126</b>	<b>1,720,535</b>
<b>Other provisions</b>				
Provision for Lease Equalisation	-	496,711	496,711	401,814
Provision for Income Tax	-	-	-	5,892,719
Net of advance tax of March 31, 2016 Nil (March 31, 2015 ₹ 71,079,218)				
Provision for Wealth Tax	-	-	-	135,700
	<b>(B)</b>	<b>496,711</b>	<b>496,711</b>	<b>6,430,233</b>
<b>Total</b>	<b>(A+B)</b>	<b>5,688,379</b>	<b>2,392,837</b>	<b>8,150,768</b>

### a) Contingent Liabilities and Other Commitments

S.No. Particulars	As at	As at
	March 31, 2016	March 31, 2015
i) Disputed Liability - Central Excise Act (Refer Note 'b' below)	9,316,935	305,319,675
ii) Interest on disputed liability- Central Excise Act (Refer Note 'c' below)	3,678,036	132,201,696
iii) Letter of Credit	13,493,037	209,814,723
iv) Bank Guarantee	1,535,902	1,535,902
v) EPCG- Duty in relation to Export Obligation	18,783,654	34,477,000
vi) Disputed Liability for AY 2009-10 under Haryana Value Added Tax Act, 2003 on account Sale of Capital Good (Cars). The same is pending before The Hon'ble Haryana Tax Tribunal at Chandigarh.	98,594	98,594
vii) Disputed Liability for A.Y 2012-13 under Income tax Act, 1961 on account of disallowance u/s 14A of Income tax Act, 1961. The same is pending before CIT (Appeals)-VIII, New Delhi	-	46,736
viii) Rectification filed u/s 154 for the Assessment Year 2012-13 for rectification of assessment order dt. 15.03.2015 u/s 143(3) of Income Tax Act, 1961	-	9,532,772
ix) Demand under Income Tax Act, 1961		
- Assessment Year: 2013-14	62,830	-
- Assessment Year: 2014-15	1,185,580	-
x) Disputed Liability under Central Excise Audit- II (Refer Note 'd' below)	22,226,095	-
xi) Liability of Sales Tax due to pending C Forms	144,169,643	59,842,445
xii) The incremental liability for bonus for the period April 1, 2014 to March 31, 2015 based on retrospective amendment as per Payment of Bonus (Amendment) Act 2015 is not provided in the books of account; based on stay order passed by Chennai & Kerala High Court on the amendment. In respect of this, the future cash outflows are determinable only on receipt of judgement/ release of aforesaid stay order.		

b) Excise demand amounting to ₹ 189,015,254 for the period June 2006 to Dec 2008, ₹ 106,987,422 for the period January 2009 to October 2010, ₹ 3,990,394 for the period February 2010 to March 2010 and ₹ 5,326,546 for

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

the period Nov 2010 to January 2011 under Central Excise Act arised due to dispute regarding assessable value with reference to MRP against which appeals were filed before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), New Delhi. Based on the appeals the department has granted the Stay order No. SO/677-678/2012-EX (DB) dated 23 April 2012 against the demand of ₹ 189,015,254 for the period June 2006 to Dec 2008 & ₹ 106,987,422 for the period January 2009 to October 2010. Corresponding to these stay orders, the tribunal (CESTAT) vide section 35-C(1) of the Central Excise Act, 1944 has adjudicated and passed final Order No. A/52747-52748/2015/Ex [DB] dated 05/08/2015 in favour of the Company and accordingly, the demand of ₹ 189,015,254 for the period June, 2006 to December, 2008 and ₹ 106,987,422 for the period January, 2009 to October, 2010 stands withdrawn. However, the demand orders for the period February,2010 to March,2010 and November, 2010 and January,2011 are still in the dispute till final adjudication.

- c) Interest amounting to ₹ 36,78,036 on the demands raised by Excise authorities has been calculated by the Company based on the fact mentioned in demand cum show-cause notices pending adjudication.
- d) The office of the Commissioner of Central Excise Audit- II, Delhi has vide order No. CE/Depp/ADT-11/CIR-12/GR-27/APR-438/379/2015-16/2418/dated 09-02-2016 issued a demand cum show cause notice for ₹ 22,226,095 pursuant to non compliance of rule 6(3) of Cenvat Credit Rules, 2004 for the period February 2011 to September 2015.

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 9 : SHORT TERM BORROWINGS</b>		
Loans from banks (Secured)		
-Working Capital Facilities	217,785,939	271,454,301
- Buyers credit for capital goods	97,950,435	122,406,961
<b>Total</b>	<b>315,736,374</b>	<b>393,861,262</b>

- a) The working capital facilities include working capital demand loan, packing credit facilities, cash credit & buyers/ suppliers credit. The same are secured by hypothecation of all inventories including those in transit, receivables, book debts on pari passu basis, equitable mortgage of land and building situated at Plot No 52, 53 & 54 DLF Industrial Estate, Phase-I, Delhi- Mathura Road and personal guarantee by some of the directors of the Company. The outstanding balance is repayable on demand and the rate of interest ranges between 9% to 11% per annum.

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 10 : TRADE PAYABLES</b>		
Amount due to Micro Small and Medium Enterprise	3,446,913	6,068,191
Principal Amount	13,810	38,369
Interest Payable on Outstanding Amount	262,251,972	255,028,269
Amount due to others		
<b>Total</b>	<b>265,712,695</b>	<b>261,134,829</b>

- a) As per Schedule III of the Companies Act, 2013 and notification number GSR 719 (E) dated November 16, 2007 , the amount due as at the year end due to Micro, small & medium enterprises as defined in Industries (Development and Regulation) Act, 1951 is as given below :

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

S.No.	Particulars	As at March 31, 2016	As at March 31, 2015
i)	The Principal Amount & Interest due thereon remaining unpaid to any supplier as at end of the year		
	Principal Amount	3,446,913	6,068,191
	Interest	13,810	38,369
ii)	The amount of Interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	13,810	38,369
iii)	The amount of Interest accrued and remaining unpaid for the year	13,810	38,369
b)	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 as at March 31, 2016.		

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 11: OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term borrowings (refer Note No. 5)	144,769,040	113,042,734
Interest accrued but not due	1,297,635	2,236,205
Advance from customers	3,973,742	4,771,748
Unclaimed Dividend	2,740,840	2,264,713
<b>Others:</b>		
Gratuity payable	4,812,010	9,014,811
Statutory Dues Payable	32,160,342	25,337,537
Creditors for Capital Expenditure	3,416,864	3,986,914
<b>Total (Refer Note 'a' below)</b>	<b>193,170,473</b>	<b>160,654,662</b>

a) The above amount does not include any sum due to be transferred to Investor Education & Protection Fund.

## Notes to financial statements for the year ended March 31, 2016

### NOTE 12 : FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK		DEPRECIATION/ AMORTIZATION		NET BLOCK			
	AS AT APRIL 01, 2015	ADDITION during the Year	DEDUCTION	AS AT MARCH 31, 2016	FOR THE YEAR	ADJUSTMENT DURING THE YEAR	AS AT MARCH 31, 2015	AS AT MARCH 31, 2016
<b>A. Tangible Assets</b>								
Land	117,387,331	-	19,695	117,367,636	-	-	117,367,636	117,387,331
Buildings	278,587,481	22,698,006	119,738	301,165,749	69,611,537	119,738	222,852,345	208,975,944
Leasehold Improvements (Buildings)	24,134,164	-	-	24,134,164	12,336,969	-	10,879,186	11,797,795
Plant and Equipment	1,587,879,350	185,882,416	89,722,689	1,684,039,077	661,956,739	74,161,353	970,099,629	905,922,611
Furniture and Fixtures	16,880,114	744,402	6,116,772	11,507,744	9,917,174	5,449,909	5,824,644	6,962,940
Vehicles	28,538,552	21,534,482	4,433,410	45,639,624	10,802,877	3,346,808	33,156,507	17,735,675
Office Equipments	22,582,890	1,954,020	7,348,659	17,188,251	15,514,574	2,837,006	5,673,227	7,068,316
Electrical Installations & Equipments	49,482,963	11,578	5,735,043	43,759,498	25,917,303	5,339,282	15,007,624	23,565,660
Computer System	9,910,185	552,330	7,006,312	3,456,203	8,720,263	504,306	896,203	1,189,922
<b>Total</b>	<b>2,135,383,030</b>	<b>233,377,234</b>	<b>120,502,318</b>	<b>2,248,257,946</b>	<b>834,776,836</b>	<b>101,916,215</b>	<b>1,381,757,001</b>	<b>1,300,606,194</b>
<b>B. Intangible Assets</b>								
Computer Software	3,245,309	1,009,528	-	4,254,837	2,569,867	416,060	1,268,910	675,442
<b>Total</b>	<b>3,245,309</b>	<b>1,009,528</b>	<b>-</b>	<b>4,254,837</b>	<b>2,569,867</b>	<b>416,060</b>	<b>1,268,910</b>	<b>675,442</b>
<b>C. Capital Work in Progress</b>								
CWIP	4,117,755	140,461,207	133,948,300	10,630,662	-	-	10,630,662	4,117,755
<b>Total</b>	<b>4,117,755</b>	<b>140,461,207</b>	<b>133,948,300</b>	<b>10,630,662</b>	<b>-</b>	<b>-</b>	<b>10,630,662</b>	<b>4,117,755</b>
<b>Grand Total</b>	<b>2,142,746,093</b>	<b>374,847,969</b>	<b>254,450,618</b>	<b>2,263,143,445</b>	<b>837,346,703</b>	<b>134,068,384</b>	<b>1,393,656,573</b>	<b>1,305,399,390</b>
Previous Year	1,851,374,014	584,346,675	292,974,595	2,142,746,093	729,164,178	120,312,957	1,305,399,390	1,122,209,836

a) Capital Work in Progress: The Movement in Capital Work in Progress is given as under:

PARTICULARS	As At April 1, 2015	Additions During The Year	Capitalized During The Year	Impaired/ Written Off During The Year	As At March 31, 2016
Building	4,090,360	18,935,870	22,663,457	-	362,773
Plant & Machinery	27,395	121,525,337	111,284,843	-	10,267,889
<b>Total</b>	<b>4,117,755</b>	<b>140,461,207</b>	<b>133,948,300</b>	<b>-</b>	<b>10,630,662</b>



## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 13: NON-CURRENT INVESTMENTS</b>		
<b>Trade Investment (Valued at cost unless stated otherwise)</b>		
Investment in Joint Venture Company (Unquoted Equity Shares)	58,825,000	58,825,000
2,405,000 Equity Shares (March 31,2015: 2,405,000) of ₹ 10 each fully paid up in Sterling Fabory India Private Limited (Refer Note No. 30)		
<b>Total</b>	<b>58,825,000</b>	<b>58,825,000</b>

a) Aggregate Cost of unquoted Investment ₹ 58,825,000 (March 31,2015: ₹ 58,825,000)

	Non Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 14: LOANS AND ADVANCES</b>				
<b>Capital Advances</b>				
- Secured, Considered Good	9,600,104	-	-	-
- Unsecured, Considered Good	13,705,614	8,976,183	-	-
<b>Security Deposits</b> (Unsecured, considered good)	7,756,640	7,309,365	125,000	20,000
<b>Advances recoverable in cash or in Kind</b> (Unsecured, considered good)	-	80,000	76,215,095	85,234,364
<b>Other Loans and advances</b> (Unsecured considered good)				
- Advance Income Tax	1,037,563	9,565,635	-	-
[Net of provisions of March 31, 2016: ₹ 334,126,018 (March 31, 2015: ₹ 115,040,366)]				
- Advance to Suppliers	-	-	17,097,547	9,135,695
- Balances with Government Authorities	282,350	2,893,482	12,826,817	20,689,773
- Advance to Employees	68,000	-	1,683,001	843,328
- Prepaid Expenses	2,201,001	3,114,403	6,787,461	3,994,858
<b>Total</b>	<b>34,651,273</b>	<b>31,939,068</b>	<b>114,734,920</b>	<b>119,918,018</b>

a) Capital Commitment:

- i) Estimated amount of contracts remaining to be executed on the capital account and not provided for in the account (Net of Capital Advances) ₹ 49,353,507 (March 31, 2015: ₹ 123,856,356).
- ii) The Company in previous year had paid amounts to Senior Town Planner, Faridabad Circle, Faridabad, for the "change in land use" of its part of the land situated at its Prithla unit. As per the agreed terms, there will be certain external development charges which are payable on a future date. However, the quantum of such future liability is not quantified in the said letter.

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	As at March 31, 2016	As at March 31, 2015
<b>NOTE 15: INVENTORIES</b>		
<b>(as taken, valued and certified by the Management)</b>		
Raw Materials	158,039,955	144,444,621
Goods in Transit - Raw Material	580,830	172,906
Work in Process	18,409,463	46,667,120
Finished Goods	202,942,721	182,682,892
Stores, Spares & Consumables	28,137,256	32,515,476
Goods in Transit - Stores, Spares & Consumables	65,826	5,756,250
Tools & Dies	2,667,924	4,123,292
Scrap	86,328	446,168
<b>Total</b>	<b>410,930,304</b>	<b>416,808,724</b>

### Note 16: Trade Receivables & Other Assets

	Non Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015

#### NOTE 16.1: TRADE RECEIVABLES

(Unsecured, considered good unless stated otherwise)

#### Outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good	-	-	8,544,028	7,842,085
Unsecured, considered doubtful	-	-	2,492,936	6,287,452
	-	-	11,036,964	14,129,536
Less: Provision for doubtful debts	-	-	2,492,936	6,287,452
	<b>(A)</b>	-	<b>8,544,028</b>	<b>7,842,085</b>
Other Receivables	-	-	352,098,602	382,069,773
- Unsecured, Considered Good	<b>(B)</b>	-	<b>352,098,602</b>	<b>382,069,773</b>
<b>Total (A+B)</b>	-	-	<b>360,642,630</b>	<b>389,911,857</b>

	Non Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015

#### 16.2 - OTHER ASSETS

(Unsecured, considered good unless stated otherwise)

Deposit Accounts with original maturity more than 12 months	-	7,607,479	-	-
Interest Accrued but not due on Deposit Accounts	-	316,526	1,438,626	-
Export Incentive Receivable	-	-	7,523,475	16,046,940
Other Receivable	-	-	626,484	-
<b>Total</b>	-	<b>7,924,005</b>	<b>9,588,585</b>	<b>16,046,940</b>

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	Non Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>NOTE 17: CASH AND BANK BALANCES</b>				
<b>Cash &amp; Cash Equivalents</b>				
Balances with Scheduled banks :				
On current accounts	-	-	22,701,654	9,547,521
Deposits accounts with original maturity less than 3 months	-	-	80,000,000	-
On unpaid dividend accounts	-	-	2,740,840	2,264,713
Cash in hand	-	-	952,685	1,171,701
Demand Draft in Hand	-	-	572,000	-
	<b>(A)</b>	-	<b>106,967,179</b>	<b>12,983,935</b>
<b>Other Bank Balances</b>				
Deposit Accounts with original maturity more than 12 months	-	7,607,479	7,607,479	-
Less: Disclosed under Other Non-current assets(Refer Note 16.2)	-	(7,607,479)	-	-
	<b>(B)</b>	-	<b>7,607,479</b>	-
<b>Total</b>	<b>(A+B)</b>	-	<b>114,574,658</b>	<b>12,983,935</b>

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>NOTE 18: REVENUE FROM OPERATIONS</b>		
Sale of Products		
Finished Goods	4,079,554,653	3,706,103,491
Other Operating Revenues		
Steel Scrap Sale	35,629,353	44,954,369
Export incentives & Margins	14,706,021	29,436,796
Revenue From Operations (Gross)	4,129,890,027	3,780,494,656
Less: Excise duty#	436,143,354	379,922,645
<b>Revenue From Operations (Net)</b>	<b>3,693,746,673</b>	<b>3,400,572,011</b>

# Excise Duty on sales amounting to ₹ 436,143,354 (March 31, 2015 : ₹ 379,922,645) has been reduced from sales in Statement of Profit & Loss and Excise duty on increase/(decrease) in stock amounting to ₹ 7,175,664 (March 31, 2015 : ₹ 2,682,279) has been considered as (income)/expense in Note No. 24 of the financial statements.

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>a) Detail of Product sold</b>		
High Tensile Fasteners	4,079,554,653	3,706,103,491
	4,079,554,653	3,706,103,491
<b>b) Earnings in foreign exchange</b>		
Export of goods (FOB)	333,472,671	363,086,870
	333,472,671	363,086,870

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>NOTE 19: OTHER INCOME</b>		
<b>Interest Income on</b>		
- Fixed Deposits	2,414,516	420,064
- Electricity Security Deposit	1,012,779	474,473
- Income Tax Refund	1,811,227	-
<b>Other Non Operating Income</b>		
Miscellaneous Scrap	2,230,426	2,368,591
Credit Balances Written Back	7,240,251	956,731
Discount Received	1,751,291	1,621,596
Foreign Exchange Fluctuation	-	6,224,013
<b>Total</b>	<b>16,460,490</b>	<b>12,065,467</b>

	For the year ended March 31, 2016	For the year ended March 31, 2015		
<b>NOTE 20: COST OF RAW MATERIAL CONSUMED</b>				
Balance at the beginning of the year	144,444,621	111,357,280		
Add : Purchases during the year	1,439,752,474	1,531,757,529		
	1,584,197,094	1,643,114,809		
Less:- Balance at the end of the year	158,039,955	144,444,621		
<b>Cost of Raw Material Consumed</b>	<b>1,426,157,139</b>	<b>1,498,670,188</b>		
<b>a) Details of Raw material consumed</b>				
Cold Head Quality Steel Wire	1,426,157,139	1,498,670,188		
	<b>1,426,157,139</b>	<b>1,498,670,188</b>		
<b>b) Details of Closing Inventory</b>				
Cold Head Quality Steel Wire	158,039,955	144,444,621		
	<b>158,039,955</b>	<b>144,444,621</b>		
<b>c) CIF value of Imports</b>				
Raw Materials	15,242,591	284,205,745		
Consumable stores & tools	67,024,882	29,565,114		
Capital goods	77,450,313	143,211,735		
	<b>159,717,786</b>	<b>456,982,593</b>		
<b>d) Details of Imported and Indigenous Raw materials Consumed</b>				
	%	Value (₹)	%	Value (₹)
Imported	6.38	90,999,744	13.98	209,465,124
Indigenous	93.62	1,335,157,395	86.02	1,289,205,064
	<b>100</b>	<b>1,426,157,139</b>	<b>100</b>	<b>1,498,670,188</b>

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>NOTE 21: CHANGES IN INVENTORIES IN FINISHED GOODS AND WORK-IN-PROGRESS</b>		
<b>Inventories at the beginning of the year</b>		
Finished Goods	182,682,891	147,284,672
Work in progress	46,667,120	56,232,308
Scrap	446,168	763,313
	<b>229,796,179</b>	<b>204,280,293</b>
<b>Inventories at the end of the year</b>		
Finished Goods	202,942,721	182,682,891
Work in progress	18,409,463	46,667,120
Scrap	86,328	446,168
	<b>221,438,513</b>	<b>229,796,179</b>
<b>(Increase) / Decrease in inventories</b>	<b>8,357,666</b>	<b>(25,515,886)</b>
<b>a) Details of Inventory</b>		
<b>Finished goods</b>		
High Tensile Fasteners	202,942,721	182,682,891
	<b>202,942,721</b>	<b>182,682,891</b>
<b>Work-in-progress</b>		
Parts of High Tensile Fasteners	18,409,463	46,667,120
	<b>18,409,463</b>	<b>46,667,120</b>

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>NOTE 22: EMPLOYEE BENEFIT EXPENSE</b>		
Salary, Wages & Bonus	285,107,136	246,218,222
Contribution to Provident & other Funds	20,272,135	18,552,399
Gratuity	3,630,532	3,862,179
Leave Encashment	2,167,244	2,059,367
Staff Welfare Expenses	9,684,706	9,367,142
<b>Total</b>	<b>320,861,754</b>	<b>280,059,309</b>

### 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, ESI 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. Similarly, the contribution is made in ESI at a specified percentage of payroll cost.

The Company recognized ₹ 17,425,668 (March 31, 2015: ₹ 15,224,573) for provident fund contributions and ₹ 2,121,554 (March 31, 2015: ₹ 2,729,544) for ESI contribution in the Statement of Profit and Loss. 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.

# Notes to financial statements for the year ended March 31, 2016

Actuarial Valuation is as under:-

As at / for the year ended on March 31 2016		Gratuity (funded)					Earned Leave (unfunded)				
		2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
<b>I.</b>	<b>Change in Defined Benefit Obligations (DBO)</b>										
	Present value of DBO at beginning of year	31,629,809	26,919,994	25,660,119	19,346,970	16,352,071	6,882,139	6,172,782	5,782,815	4,393,837	4,282,498
	Current service cost	3,951,886	3,633,869	3,280,981	3,608,786	2,960,940	2,737,518	2,430,507	2,368,420	2,220,879	1,691,738
	Interest cost	2,530,385	2,153,600	2,052,810	1,547,758	1,308,166	550,571	493,823	462,625	351,507	342,600
	Actuarial (gains)/losses	(767,130)	(1,187)	(2,293,753)	2,049,733	316,112	(1,120,845)	(864,963)	(839,256)	(38,081)	(1,080,998)
	Benefits paid	1,623,411	1,076,467	1,780,163	893,128	1,590,319	1,464,879	1,350,010	1,601,822	1,145,327	842,001
	<b>Present value of DBO at the end of year</b>	<b>35,721,539</b>	<b>31,629,809</b>	<b>26,919,994</b>	<b>25,660,119</b>	<b>19,346,970</b>	<b>7,584,504</b>	<b>6,882,139</b>	<b>6,172,782</b>	<b>5,782,815</b>	<b>4,393,837</b>
<b>II.</b>	<b>Change in fair value of assets</b>										
	Plan assets at beginning of year	22,614,998	21,767,362	20,224,009	18,200,897	14,951,927	N.A	N.A	N.A	N.A	N.A
	Actual return on plan assets	2,084,609	1,924,103	1,700,664	1,652,318	1,343,212	-	-	-	-	-
	Actual company contributions	7,833,333	-	1,622,852	1,263,922	3,496,077	-	-	-	-	-
	Benefits paid	1,623,411	1,076,467	1,780,163	893,128	1,590,319	-	-	-	-	-
	<b>Plan assets at the end of year</b>	<b>30,909,529</b>	<b>22,614,998</b>	<b>21,767,362</b>	<b>20,224,009</b>	<b>18,200,897</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>
<b>III.</b>	<b>Net asset/(liability) recognised in Balance Sheet</b>										
	Present value of Defined Benefit Obligation	35,721,539	31,629,809	26,919,994	25,660,119	19,346,970	7,584,504	6,882,139	6,172,782	5,782,815	4,393,837
	Fair value of plan assets	30,909,529	22,614,998	21,767,362	20,224,009	18,200,897	-	-	-	-	-
	<b>Net asset/(liability) recognised in Balance Sheet</b>	<b>(4,812,010)</b>	<b>(9,014,811)</b>	<b>(5,152,632)</b>	<b>(5,436,110)</b>	<b>(1,146,073)</b>	<b>(7,584,504)</b>	<b>(6,882,139)</b>	<b>(6,172,782)</b>	<b>(5,782,815)</b>	<b>(4,393,837)</b>
<b>IV.</b>	<b>Components of employer expense recognized during the year</b>										
	Current service cost	3,951,886	3,633,869	3,280,981	3,608,786	2,960,940	2,737,518	2,430,507	2,368,420	2,220,879	1,691,738
	Interest cost	2,530,385	2,153,600	2,052,810	1,547,758	1,308,166	550,571	493,823	462,625	351,507	342,600
	Expected return on plan assets	2,084,609	1,924,103	1,700,664	1,652,318	1,343,212	Nil	Nil	Nil	Nil	Nil
	Actuarial losses / (gains)	(767,130)	(1,187)	(2,293,753)	2,049,733	316,112	(1,120,845)	(864,963)	(839,256)	(38,081)	(1,080,998)
	<b>Total expense recognised in the Profit and Loss Statement</b>	<b>3,630,532</b>	<b>3,862,179</b>	<b>1,339,374</b>	<b>5,553,959</b>	<b>3,242,006</b>	<b>2,167,244</b>	<b>2,059,367</b>	<b>1,991,789</b>	<b>2,534,305</b>	<b>953,340</b>
<b>V.</b>	<b>Actual contribution and benefit payments</b>										
	Actual benefit payments	1,623,411	1,076,467	1,780,163	893,128	1,590,319	1,464,879	1,350,010	1,601,822	1,145,327	842,001
	Actual contributions	7,833,333	-	1,622,852	1,263,922	3,496,077	-	-	-	-	-
<b>VI.</b>	<b>Actuarial assumptions</b>										
	Discount rate (p. a.)	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
	Future increase in compensation	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
	Expected return on plan assets	8.84%	8.84%	8.41%	8.98%	9.05%	N.A	N.A	N.A	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	L.I.C. 1994-96	L.I.C. 1994-96	L.I.C. 1994-96	L.I.C. 1994-96	L.I.C. 1994-96	L.I.C. 1994-96
		Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate
	Retirement age	58 years	58 years	58 years	58 years	58 years	58 years	58 years	58 years	58 years	58 years
	Withdrawal Rates (p.a.)	10% to 2%	10% to 2%	10% to 2%	10% to 2%	1%	10% to 2%	10% to 2%	10% to 2%	10% to 2%	1%

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

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>NOTE 23: FINANCE COST</b>		
Interest Expense	56,175,708	65,544,254
Other borrowing cost	1,901,626	1,422,800
Net exchange loss on foreign currency borrowings to the extent considered as an adjustment to interest cost	2,999,007	6,322,376
Interest on delayed payment of taxes	1,760,415	396,137
<b>Total</b>	<b>62,836,756</b>	<b>73,685,567</b>

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>NOTE 24: OTHER EXPENSES</b>		
Consumption Of Stores & Spares	336,474,548	280,912,779
Job Work Charges	114,317,979	107,509,635
Consumption Of Packing Materials	68,204,734	65,628,709
Power & Fuel	308,085,005	272,680,687
Rent	7,142,753	7,146,098
Repairs & Maintenance		
- Building	30,381,429	45,799,453
- Plant & Machinery	109,206,748	89,283,352
Security Charges	5,546,340	4,709,836
Insurance	5,396,205	4,932,148
Legal & Professional Charges	8,356,728	7,312,775
Rates And Taxes	2,845,534	2,573,116
Increase/(Decrease) In Excise Duty On Finished Goods	7,175,664	2,682,279
Sales Promotion	48,194,004	35,872,231
Freight Outward	107,910,515	103,557,120
Travelling & Conveyance	14,352,011	17,219,945
Contract Labour Charges	51,691,309	39,918,611
Payment To Auditors (Refer Details Below)	1,117,955	912,920
Commission To Director	14,100,000	9,600,000
CSR Expenses	4,583,800	392,000
Foreign Exchange Fluctuation	1,073,945	-
Provision For Doubtful Debts	2,492,936	6,287,446
Bad Debts Written Off	13,478,504	23,154,618
Miscellaneous Expenses	57,361,047	53,391,754
<b>Total</b>	<b>1,319,489,695</b>	<b>1,181,477,513</b>

### a) Details of Imported and Indigenous Stores Consumed

	%	Value (₹)	%	Value (₹)
Imported	19.42	65,332,906	10.52	29,565,114
Indigenous	80.58	271,141,642	89.48	251,347,665
	<b>100.00</b>	<b>336,474,548</b>	<b>100.00</b>	<b>280,912,779</b>

## Notes to financial statements for the year ended March 31, 2016

### b) Expenditure in foreign currency

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2016	For the year ended March 31, 2015
Travelling	3,357,809	4,176,585
Others	3,840,732	9,285,172
<b>Total</b>	<b>7,198,541</b>	<b>13,461,757</b>

### c) Payment to Auditor(s)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>As Auditor</b>		
Statutory Audit	720,000	600,000
Tax Audit	120,000	100,000
Limited Review	120,000	90,000
	960,000	790,000
<b>In Other Capacity</b>		
Other Matters	80,000	12,500
Out of pocket expense	77,955	110,420
	157,955	122,920
<b>Total</b>	<b>1,117,955</b>	<b>912,920</b>

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>NOTE 25: EXCEPTIONAL ITEMS</b>		
Profit On Compulsory Acquisition Of Land	2,532,483	-
(Loss) On Sale Of Other Fixed Assets	(12,649,994)	(6,651,380)
Provision For Doubtful Receivables Written Back	6,287,452	10,097,373
	<b>(3,830,059)</b>	<b>3,445,993</b>

### Note 26: Assets taken on operating leases

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

- i) The Company has taken Factory Premises on non-cancellable operating lease from Haryana Ispat Private Limited. Agreement of Lease was renewed on 01.01.2012 and is valid till 31.12.2016. Lease rental (including transfer to lease equalisation reserve) amounting to ₹ 6,630,758 (March 31,2015: ₹ 6,630,758) has been debited to Statement of Profit and Loss. Future minimum lease rentals as on 31 March 2016 are as under:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Not later than one Year	4,973,068	6,630,758
Later than one year and not later than five years	-	4,973,068
<b>Total</b>	<b>4,973,068</b>	<b>11,603,826</b>

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Factory premises at Faridabad	31.12.2016	Yes	Yes	No

- ii) The Company has taken Nitrogen Plant on non-cancellable operating lease from Air Liquid North India Private Limited Lease Agreement is valid till 14.02.2017. Lease rental amounting to ₹ 240,000 (March 31,2015: ₹ 240,000) has been debited to Statement of Profit and Loss. Future minimum lease rentals as on 31 March 2016 are as under:



## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Not later than one Year	210,000	240,000
Later than one year and not later than five years	-	210,000
<b>Total</b>	<b>210,000</b>	<b>450,000</b>

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	14.02.2017	Yes	Yes	No

- iii) The Company has taken furnished office space on operating cancelable lease. Lease Agreement was valid till 31.10.2017. Lease rental amounting to ₹ 90,000 (March 31,2015: ₹ 143,340) has been debited to Statement of Profit and Loss.

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	31.10.2017	Yes	Yes	No

- iv) The Company has taken furnished office space on operating cancelable lease. Lease Agreement is valid till 31.03.2016. Lease rental amounting to ₹ 72,000 (March 31, 2015: ₹ 72,000) has been debited to Statement of Profit and Loss.

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 for Regd.Office ,K-40,Conaught Circus,New Delhi-110001	31.03.2016	No	Yes	No

- v) The Company has taken two Tricotect Equipments on non-cancellable operating lease from Atotech India Private Limited. Lease Agreements are valid till 28.02.2018. Lease rental amounting to ₹ 110,000 (March 31,2015: ₹ 60,000) has been debited to Statement of Profit and Loss. Future minimum lease rentals as on 31 March 2016 are as under:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Not later than one Year	120,000	60,000
Later than one year and not later than five years	110,000	115,000
<b>Total</b>	<b>230,000</b>	<b>175,000</b>

Details of Leasing Agreement is enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Two Tricotect Equipment	28.02.2018	No	Yes	No

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>NOTE 27 EARNING PER SHARES (EPS)</b>		
The following reflects the profit and share data used in computation of basic and diluted EPS:		
Profit after Tax	284,152,538	212,215,617
Weighted average equity Shares outstanding (Nos)	6,844,600	6,844,600
Earning per Share - basic/diluted (₹)	41.51	31.00

### NOTE 28 DISCLOSURE OF RELATED PARTY(S) & RELATED PARTY TRANSACTIONS

I Name of the Related Parties and description of relationship:

Enterprise over which KMP exercise Control and/or Significant Influence	Haryana Ispat Private Limited Sterling Technologies Private Limited Sterling Automobiles Private Limited Sterling Mobikes Private Limited Jaycee Automobiles Private Limited Sterling Fincap Private Limited Prism Global Creative Products Private Limited Jaycee Premium Cars Private Limited Noble Cars Private Limited
Key Management Personnel	Mr. M. L. Aggarwal - Chairman Mr. Anil Aggarwal – Managing Director Mr. Atul Aggarwal – Whole Time Director & CFO Ms. Vaishali Singh-Company Secretary Mr. Anish Aggarwal – Relative of Key Management Personnel
Joint Venture Company	Sterling Fabory India Private Limited

II Disclosure of Related Parties Transactions (including Material transactions):

	As at March 31, 2016	As at March 31, 2015
<b>i) Enterprises over which Key Management Personnel has significant influence</b>		
<b>a) Expenses paid- R&amp;M</b>		
Sterling Automobiles Private Limited	325,286	428,386
Jaycee Automobiles Private Limited	331,507	275,260
<b>b) Expenses paid- Insurance</b>		
Jaycee Automobiles Private Limited	176,921	176,641
Sterling Automobiles Private Limited	57,382	-
<b>c) Rent paid</b>		
Haryana Ispat Private Limited	8,011,600	7,525,522
<b>d) Purchase of Asset</b>		
Sterling Automobiles Private Limited	1,663,926	2,394,581
Jaycee Automobiles Private Limited	17,493,319	-
<b>e) Purchase of Material</b>		
Sterling Automobiles Private Limited	-	182
<b>f) Reimbursement of Expenses</b>		
Sterling Automobiles Private Limited	-	1,854

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

<b>ii) Transaction with Joint Venture Company</b>		
Investment in Shares of JV company	-	11,250,000
Sale of Material	2,279,448	1,997,337
Purchase of Material	16,560,587	23,709,364
Director's Nomination fees paid under Sec. 160 of CA, 2013	100,000	100,000
Director's Nomination fees received back under Sec. 160 of CA, 2013	100,000	100,000
<b>iii) Transaction with Key Management Personnel &amp; Their Relatives</b>		
<b>Remuneration Paid (Refer note 'v' below)</b>		
Mr. Manohar Lal Aggarwal	10,234,039	7,138,104
Mr. Anil Aggarwal	9,307,808	9,958,679
Mr. Atul Aggarwal	9,047,129	6,268,489
Ms. Vaishali Singh	1,301,953	1,118,772
Mr. Anish Aggarwal	1,077,018	988,440
<b>Commission Paid</b>		
Mr. Manohar Lal Aggarwal	4,700,000	3,200,000
Mr. Anil Aggarwal	4,700,000	3,200,000
Mr. Atul Aggarwal	4,700,000	3,200,000
<b>iv) Closing Balances</b>		
<b>Remuneration Payable</b>		
Mr. Manohar Lal Aggarwal	48,497	321,844
Mr. Anil Aggarwal	368,583	211,886
Mr. Atul Aggarwal	56,193	261,460
Ms. Vaishali Singh	103,412	63,001
Mr. Anish Aggarwal	19,244	73,303
<b>Total</b>	<b>595,929</b>	<b>931,494</b>
<b>Commission Payable</b>		
Mr. Manohar Lal Aggarwal	3,073,424	2,211,200
Mr. Anil Aggarwal	3,073,424	2,211,200
Mr. Atul Aggarwal	3,073,424	2,211,200
<b>Total</b>	<b>9,220,272</b>	<b>6,633,600</b>
<b>Outstanding Payables</b>		
Sterling Automobiles Private Limited	28,811	40,000
Jaycee Automobiles Private Limited	-	28,537
Sterling Fabory India Private Limited	2,211,895	2,615,447
	<b>2,240,705</b>	<b>2,683,984</b>

- v) The provision for contribution to Gratuity, Leave Encashment on retirement and other defined benefits which are made on actuarial valuation on an overall Company basis are not included in the remuneration to Key Managerial Personnel disclosed above.

## Notes to financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

### NOTE 29. DERIVATIVES

- a) Derivative instruments outstanding as at balance sheet date: The following contracts are outstanding to hedge the future receipts & payments in the ordinary course of business. These arrangements are designed to address significant exchange exposures and are reviewed/ renewed by the Management on a revolving basis; as required:

Category of Derivative Instruments	Purpose of Derivative Instrument	Number of Contracts	Amount of Hedged Foreign Currency
Forward Contracts			
As At March 31, 2016	Hedging- Imports	5	USD 1,350,850
	Hedging- Exports	5	EURO 300,000
As At March 31, 2015	Hedging- Imports	18	USD 2,957,587

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Foreign Currency	₹	Foreign Currency	₹
Foreign currency exposure not hedged (Sell)	498,319 EURO	13,498,778	1,033,078 EURO	69,743,095
	41,333 USD	2,741,608	149,893 USD	9,381,815
	9,012 GBP	857,013	17,070 GBP	1,578,306
Foreign currency exposure not hedged (Buy)	4,921 GBP	467,932	-	-
	293,405 USD	19,461,575	910,084.50 USD	56,962,189
	364,524 JPY	215,069	-	-
	20 EURO	1,522	-	-

### NOTE 30 Investments in Joint Ventures (Disclosure as per Accounting Standard - 27 on Financial Reporting of Interest in Joint Ventures)

S.No.	Name of Joint Venture Company	Description of Interest/ (description of job)	Ownership interest	Country of Residence
1	Sterling Fabory Private Limited	Jointly Controlled Entity (Trading/ Packing & Repackaging of Fasteners)	50%	India

The Company's share of the assets, liabilities, income and expenditure of the Joint Venturer (under jointly controlled entity) is as under:

S. No.	Name of the jointly Controlled entities	Company's Share			
		As at March 31, 2016		For the Year 2015-16	
		Assets	Liabilities	Income	Expenses
1	Sterling Fabory Private Limited	25,836,135	9,640,655	38,802,307	43,429,401
		(29,103,930)	(9,203,553)	(37,014,624)	(43,599,653)

#### Notes:

- Figures in brackets relate to year ended March 31, 2015.
- Share of Contingent liabilities incurred in relation to interests in joint ventures as at March 31, 2016: ₹ Nil (March 31, 2015: ₹ Nil)
- Share of Capital Commitments incurred in relation to interests in joint ventures as at March 31, 2016: ₹ Nil (March 31, 2015: ₹ Nil)

## Notes to financial statements for the year ended March 31, 2016

### NOTE 31: CSR Expenditure

#### CSR Expenditure

- (a) Gross amount required to be spent by the Company during the year (i.e. 2% of Average Net profits u/s 198 of Companies Act, 2013 of last three years):
- (b) Amount spent during the year:

S. No.	Purpose for which expenditure incurred	Amount (₹) In Cash/ Cheque	Remarks	Total	Outstanding Amount to be Spent for FY 2015-16
(i)	Construction/acquisition of any asset	-	-	-	-
(ii)	On purposes other than (i) above	600,000	Payment to Educational & Other Welfare Societies	4,583,800	45,388
		500,000	Payment to Golf Foundation		
		400,000	Children Welfare Activities		
		1,600,000	Payment to Charitable Trust & societies		
		500,000	Charity to Eye Hospital		
		983,800	Others		

#### Note 32

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 March 31, 2016.

#### Note 33

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 34

The process of obtaining balance confirmation and account reconciliation is an ongoing process and accordingly the closing balances of certain trade receivables, trade payables and loans and advances are subject to confirmation as at March 31, 2016.

#### Note 35

The figures are rounded off to nearest rupee.

#### Note 36

The previous year figures have been regrouped or rearranged wherever considered necessary.

For & on behalf of Board of Directors of Sterling Tools limited

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

(Anil Aggarwal)  
Managing Director  
DIN No.00027214

Place of Signature: Faridabad  
Date: 20 May, 2016

(Atul Aggarwal)  
Chief Financial Officer  
PAN No.: AAUPA6243R

(Vaishali Singh)  
Company Secretary  
PAN No.: AVIPS7863A

# Independent Auditor's Report

## TO THE MEMBERS OF STERLING TOOLS LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **M/s Sterling Tools Limited** (“the Holding Company”) and its jointly controlled entity (collectively referred to as “the Group”) comprising of the Consolidated Balance Sheet as at **March 31, 2016**, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as ‘the consolidated financial statements’).

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its jointly controlled entity as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

## Report on Other Legal & Regulatory Requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and reports of the statutory auditor of the jointly controlled company, none of the directors of the Group Companies is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. On the basis of written representations received from the management of the Company, the Company does not have any pending litigations which would impact its consolidated financial position; except for the cases which are disclosed under sub-note "Contingent Liabilities & Commitments" under Note No. 8 of the consolidated financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. However, the Company uses derivative financial instruments such as forward contracts to hedge its risks associated with certain foreign currency transactions; which are short term in nature and details of outstanding contracts is disclosed in Note No. 29 of the consolidated financial statements.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its jointly controlled company incorporated in India.

**For S.R. Dinodia & Co. LLP**  
**Chartered Accountants,**  
**Firm Registration Number 001478N/N500005**

**Place of Signature: Faridabad**  
**Date: 20 May, 2016**

**(Pradeep Dinodia)**  
**Partner**  
**Membership No. 080617**

# Consolidated Balance Sheet as at 31st March, 2016

(Currency : ₹ except otherwise specified)

Particulars	NOTE NO.	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>		
Shareholders' funds		
Share Capital	3	68,446,000
Reserves and surplus	4	1,222,603,691
		<b>1,291,049,691</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5	230,952,111
Deferred tax liabilities (Net)	6	145,399,111
Other Long term liabilities	7	3,694,823
Long-term provisions	8	6,439,086
		<b>386,485,132</b>
<b>Current Liabilities</b>		
Short-Term Borrowings	9	315,736,374
Trade Payables	10	
-Total outstanding dues of micro and small enterprises		3,460,723
-Total outstanding dues of creditors other than micro and small enterprises		269,626,497
Other Current Liabilities	11	193,468,881
Short-Term Provisions	8	2,503,905
		784,796,379
<b>TOTAL</b>		<b>2,462,331,202</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets		
Tangible assets	12	1,383,844,709
Intangible assets		1,268,910
Capital work-in-progress		10,630,662
Long-term loans and advances	13	35,064,293
		1,430,808,574
<b>Current assets</b>		
Inventories	14	416,369,229
Trade receivables	15	367,904,103
Cash and other Bank Balances	16	122,382,151
Short-term loans and advances	13	115,132,567
Other current assets	15	9,734,578
		1,031,522,628
<b>TOTAL</b>		<b>2,462,331,202</b>
<b>Significant Accounting Policies</b>	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 of Sterling Tools Limited

**FOR S.R. DINODIA & CO. LLP.**  
**CHARTERED ACCOUNTANTS**  
 Reg No. 001478N/N500005

(Pradeep Dinodia)  
 Partner  
 M.No. 080617

Place of Signature: Faridabad  
 Date: 20 May, 2016

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

(Atul Aggarwal)  
 Chief Financial Officer  
 PAN No.: AAUPA6243R

(Anil Aggarwal)  
 Managing Director  
 DIN No.00027214

(Vaishali Singh)  
 Company Secretary  
 PAN No.: AVIPS7863A



# Consolidated Statement of Profit & Loss for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

Particulars	Note No.	For the year ended March 31, 2016
<b>Incomes</b>		
Revenue from Operations (Net)	17	3,722,474,873
Other Income	18	17,114,578
<b>Total Income (I)</b>		<b>3,739,589,452</b>
<b>Expenses</b>		
Cost Of Raw Material Consumed	19	1,427,611,421
Purchase of Traded goods	20	16,596,932
Changes in Inventories of Finished Goods, Work-In-Progress and Stock in Trade	21	8,316,605
Employee Benefits Expense	22	330,025,073
Finance Cost	23	62,836,756
Depreciation And Amortization Expense	12	134,682,351
Other Expenses	24	1,325,701,640
<b>Total Expenses (II)</b>		<b>3,305,770,776</b>
<b>Profit before exceptional and extraordinary items and tax (I-II)</b>		<b>433,818,675</b>
Exceptional Items	25	(3,834,295)
<b>Profit Before Tax</b>		<b>429,984,380</b>
<b>Tax Expense</b>		
Current Tax		140,353,300
Deferred Tax		9,081,898
Tax Adjustment For Earlier Years		101,540
<b>Profit after tax/Profit for the year</b>		<b>280,447,642</b>
<b>Earnings Per Equity Share</b>		
Basic / Diluted	27	40.97
<b>Significant Accounting Policies</b>	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 of Sterling Tools Limited**

**FOR S.R. DINODIA & CO. LLP.**  
**CHARTERED ACCOUNTANTS**  
 Reg No. 001478N/N500005

(Pradeep Dinodia)  
 Partner  
 M.No. 080617

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

(Anil Aggarwal)  
 Managing Director  
 DIN No.00027214

Place of Signature: Faridabad  
 Date: 20 May, 2016

(Atul Aggarwal)  
 Chief Financial Officer  
 PAN No.: AAUPA6243R

(Vaishali Singh)  
 Company Secretary  
 PAN No.: AVIPS7863A

# Consolidated Cash flow statement for the year ended 31 March, 2016

(Currency : ₹ except otherwise specified)

Particulars	As at March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit before tax	429,984,380
<b>Adjustments for :</b>	
Depreciation & Amortisation (Net)	134,682,351
Unrealized Foreign Exchange Gain & Loss	296,119
Interest On Delayed Payment Of Advance Taxes	1,764,651
(Profit)/ Loss On Sale Of Fixed Assets	10,117,511
Finance Cost	56,175,708
Bad Debt Written Off	13,478,504
Provision For Doubtful Trade Receivables	2,492,936
<b>Operation Profit Before Working Capital Changes</b>	<b>648,992,160</b>
<b>Adjustment for Working Capital Changes:</b>	<b>13,465,683</b>
(Increase)/ Decrease in Trade Receivables	22,908,252
(Increase)/ Decrease in Other Receivables	5,259,111
(Increase)/ Decrease in Inventories	4,837,354
(Increase)/ Decrease in Trade Payables	860,942
(Increase)/ Decrease in Other Liabilities	421,203
(Increase)/ Decrease in Provisions	<b>47,752,546</b>
Net Cash Generated From Operations	<b>696,744,706</b>
<b>Direct Taxes Paid</b>	<b>(138,618,711)</b>
<b>Net Cash Provided/ (Used) in Operating Activities</b>	<b>( A ) 558,125,996</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets (including Capital Work- in Progress & Payment for Capital Advances)	(255,937,902)
Sale Of Fixed Assets	8,466,599
<b>Net Cash Provided/ (Used) in Investing Activities</b>	<b>( B ) (247,471,303)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds From Long-Term Borrowings	172,810,065
Dividend Paid Including Dividend Tax	(123,569,991)
Repayment Of Long-Term Borrowings	(127,536,403)
Short Term Borrowings	(78,124,888)
Interest Paid	(56,175,708)
<b>Net Cash Provided/ (Used) in Financing Activities</b>	<b>( C ) (212,596,925)</b>
<b>Net (Decrease)/Increase In Cash or Cash Equivalent (A+B+C)</b>	<b>98,057,767</b>
Cash & Cash Equivalents at beginning of the Year	24,324,384
Cash & Cash Equivalents at the end of the Year	122,382,151
Components of Cash & Cash Equivalents are:	
Balances with Scheduled banks :	
- On Current Accounts	23,255,826
- Deposits Accounts	94,838,029
- On Unpaid Dividend Accounts	2,740,840
Cash On Hand	975,456
Demand Draft in Hand	572,000
	<b>122,382,151</b>

Notes:- a) The figures in brackets represents outflows.

As per our Audit Report of even date attached

For & on behalf of Board of Directors of Sterling Tools Limited

**FOR S.R. DINODIA & CO. LLP.**  
**CHARTERED ACCOUNTANTS**  
 Reg No. 001478N/N500005

(Pradeep Dinodia)  
 Partner  
 M.No. 080617

Place of Signature: Faridabad  
 Date: 20 May, 2016

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

(Atul Aggarwal)  
 Chief Financial Officer  
 PAN No.: AAUPA6243R

(Anil Aggarwal)  
 Managing Director  
 DIN No.00027214

(Vaishali Singh)  
 Company Secretary  
 PAN No.: AVIPS7863A

# Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

## NOTE 1: CORPORATE INFORMATION

Sterling Tools Limited (hereinafter referred as 'the company') is a public limited company incorporated in the year 1979 under the provisions of the Companies Act, 1956. The shares of the company listed on Bombay Stock Exchange and National Stock Exchange 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. Sterling Fabory India Private Limited was formed as a Joint Venture Company on 9th March 2010 and is registered with the Registrar of Companies, National Capital Territory, Delhi & Haryana in India. The company is dealing in the sale of fasteners. The Shareholding of the company is jointly held by M/s. Sterling Tools Limited, India and M/s. Fabory Masters in Fasteners Group B.V., Netherland in the ratio of 50:50.

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Preparation

These consolidated financial statements have been prepared in accordance with applicable accounting standards and relevant presentation requirements of the Companies Act, 2013. The financial statements have been prepared on accrual basis and under the historical cost convention. The Company has complied in all material respects with Accounting Standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule 2014 and the provisions of the Act (to the extent notified). The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's individual financial statements.

### b. Uses 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. Differences between the actual results and estimates are recognised in the year in which the results are known/materialised. Changes in estimates are reflected in the financial statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the financial statements.

### c. Principles of Consolidation

The consolidated financial statements includes financial statements of Sterling Tools Limited (on standalone basis) and its Joint Venture partner namely Sterling Fabory India Private Limited. Each of the above Companies is incorporated in India & financial statements are drawn upto the same reporting date as that of the Parent Company i.e. March 31, 2016. The Consolidated Financial Statements of the Company reflects its share of Assets, Liabilities, Income and Expenditure of the Jointly controlled entity which are accounted on the basis of the audited accounts of the Joint venture on line to line basis with similar items in the Company's consolidated financial statements to the extent of the participating interest of the Company as per the Joint Venture Agreements in accordance with Accounting Standard 27 (AS-27) "Financial Reporting of Interests in Joint Ventures" read with rule 7 of Companies (Accounts) Rules 2014. The intra group transactions and intra group balances have been eliminated to the extent of the Company's share in the entity.

The consolidated financial statements have been prepared using uniform accounting policies like transactions and others events in similar circumstances and are presented to the extent, in the same manner as the Company's separate financial statements.

### d. 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 (wherever applicable). Fixed assets under construction, and cost of assets not put to use before year end are shown as capital work in progress while advance paid towards acquisition of fixed assets are shown as capital advance under the head Loans & Advances.

# Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

Gain or loss arising on account of sale of fixed assets are measured as the difference between the net proceeds and the carrying amount of assets and are recognised in the statement of Profit and Loss in the year in which the asset is sold.

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 the period of lease.

Depreciation is provided as per useful life specified in schedule II to the Companies Act, 2013. Depreciation in case of additions and deletions is calculated on a pro-rata basis. Further, the Schedule II to the Companies Act, 2013 requires that useful life and depreciation for significant components of an asset should be determined separately. The identification of significant components is matter of technical judgement and is decided on case to case basis; wherever applicable.

## e. Revenue & Purchase Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Following are the specific revenue recognition criteria:

- i) Revenue relating to sale of goods is recognised on dispatch of goods which coincides with the transfer of significant risks and rewards related to goods and are accounted for net of returns. Net sales, as disclosed, are exclusive of sales tax. 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.
- ii) Revenue relating to interest income is recognised on time proportionate basis determined by the amount outstanding and the rate applicable and where no significant uncertainty as to measurability or collectability exists.
- iii) Income from Export Incentives viz. Duty Drawback and Focus Product Scheme is recognized at year end on accrual basis.
- iv) Purchase are recognized upon receipt of such goods by the Company. Purchases of Imported Goods are recognised after completion of custom clearance formalities and upon receipt of such goods by the Company at the warehouse.

## f. Inventories

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses where considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of purchase consists of the purchase price including duties and taxes other than those subsequently recoverable by the enterprise from the taxing authorities, freight inwards and other expenditure directly attributable for its acquisition.

The methods of determining cost of various categories of inventories are as under :

Nature of Inventories	Method of Valuation
Raw Materials	FIFO Method
Stores and spares & consumables	Weighted Average Method
Traded Goods	FIFO Method
Finished Goods and Work In Progress	Raw material cost on FIFO Method and includes conversion and other costs incurred in bringing the inventories to their present value and locations

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

# Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

## g. Retirement and Employee 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 (CL) 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. Terminal Benefits if any, are recognized as an expense immediately.

### Defined Contribution Plan

Contributions payable to recognized Provident Fund, Employee State Insurance scheme and labour welfare fund which are substantially defined contribution plans, are recognised as expense in the Statement of Profit & Loss, as they are incurred.

### Defined Benefit Plan

The cost of providing defined 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 Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognised 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. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

### Other Long Term Benefits

Long term compensated absences (EL) are provided for on the basis of actuarial valuation, using the Projected Unit Credit method, at the end of each financial year. Actuarial gains/ losses, if any, are recognised immediately in the Statement of Profit and Loss.

## h. Borrowing Cost

The borrowing costs which are directly attributable to the acquisition or construction of qualifying fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized as part of cost of the assets. All other borrowing costs are immediately recognised as an expense in the Statement of Profit and Loss.

## i. 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 Statement of Profit & Loss. 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:** The Company uses derivative financial instruments such as forward contracts to hedge its risks associated with certain foreign currency transactions. The premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the Contract. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or expense for the period.

# Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

## j. Investments

Investments, which are readily realizable and not 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.

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

### Current Tax

Current Tax is measured and expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessment/appeals. 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 the items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss. The provisions of current tax is made after considering impact if any, of provisions contained in Income Computation Disclosure Standards (ICDS) issued by CBDT vide Notification S.O. 892(E) dated March 31, 2015.

### Deferred Tax

Deferred tax 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 tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Such assets are reviewed as at each balance sheet date to re-assess realization.

### Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in the year is charged to the Statement of Profit and Loss as current tax. The Company recognise MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement ". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

## l. Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset or Cash Generating Unit (CGU) may be impaired. If any indication exists, the recoverable amount of the same is determined. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is reversed in Statement of Profit & Loss only if there has been a change in the assumptions used to determine the assets's recoverable amount since the last impairment loss was recognised.

## m. 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. Provisions (other than retirement and employee benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

# Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

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.

## n. Leases

The Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as Finance leases. Such assets are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as Operating leases. Lease rentals in case of Operating leases are charged to the Statement of Profit & Loss on accrual basis on straight line basis.

## o. Earning Per Share (EPS)

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extra ordinary items.

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

## p. Cash Flow Statement (CFS)

The cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated as specified in Accounting Standard -3 (AS-3) "Cash Flow Statement".

## q. Segment 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 (Accounts) Rules, 2014.

**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.

## r. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## s. Classification of Current/ Non Current Assets & Liabilities

All assets & liabilities are presented as Current or Non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act 2013. Based on the nature of products and the time between acquisition of assets and disposal of liabilities, the Company has ascertained its operating cycle as 12 months for the purpose of Current/ Non-current classification of assets and liabilities.

# Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	As at March 31, 2016
<b>NOTE 3 : SHARE CAPITAL</b>	
<b>Authorised</b>	
10,000,000 Equity Shares of ₹ 10/- each	100,000,000
	<b>100,000,000</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
6,844,600 Equity Shares of ₹10/- each fully paid up	68,446,000
	<b>68,446,000</b>

## (a) Reconciliation Statement of Equity Share Capital

	March 31, 2016	
	No. of shares	Amount (₹)
Share Capital at the beginning of the year	6,844,600	68,446,000
Add:- Addition during the year	-	-
Less:- Buy back during the year	-	-
Share Capital at the end of the year	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 ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees (₹). 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) Details of shareholders holding more than 5% shares in the Company

	March 31, 2016	
	No. of shares	Holding %
(i) Mr. Manohar Lal Aggarwal, Promoter	771,016	11.26%
(ii) Mr. Anil Aggarwal, Promoter	1,568,128	22.91%
(iii) Mr. Atul Aggarwal, Promoter	1,729,691	25.27%
(iv) Mr. Jagdish Kumar Aggarwal	387,449	5.66%

d) In case of Sterling Fabory India Private Limited (Joint Venture Company), the equity share capital is equally held by Steling Tools Limited (50%) & Fabory Masters in Fasteners Group B.V. (50%)



# Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	As at March 31, 2016
<b>NOTE 4 : RESERVE AND SURPLUS</b>	
<b>Capital Reserve</b>	
Balance at the beginning of the year	664,750
Add:- Addition during the year	-
Less:- Utilised during the year	-
Balance at the end of the year	<b>664,750</b>
<b>Security Premium Reserve</b>	
Balance at the beginning of the year	34,071,500
Add:- Addition during the year	-
Less:- Utilised during the year	-
Balance at the end of the year	<b>34,071,500</b>
<b>General Reserve</b>	
Balance at the beginning of the year	211,146,396
Add:- Addition during the year	28,400,000
Less:- Utilised during the year	-
Balance at the end of the year	<b>239,546,396</b>
<b>Surplus / (deficit) in the statement of profit and loss</b>	
Balance at the beginning of the year	819,843,395
Add:- Addition during the year	
Balance of Statement of Profit & Loss	280,447,642
Less: Utilised during the year as under	
Interim dividend paid	102,669,000
(Dividend amount per share ₹ 15)	
Dividend Distribution Tax on Interim Dividend	20,900,991
Transfer to General Reserve	28,400,000
Balance at the end of the year	<b>948,321,045</b>
<b>Total</b>	<b>1,222,603,691</b>

	Non Current portion	Current Maturities
	As at March 31, 2016	As at March 31, 2016
<b>NOTE 5 : LONG TERM BORROWINGS</b>		
Indian rupee loan from Banks (Secured)		
-Term loans	230,952,111	144,769,040
<b>Total</b>	<b>230,952,111</b>	<b>144,769,040</b>
Less: Amount disclosed under head "Other Current Liabilities" (Refer Note No.11)	-	(144,769,040)
<b>Net Amount</b>	<b>230,952,111</b>	-

## Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

- a) In case of Sterling Tools Limited;
- i) In case of secured loan, the term loan are secured by first equitable mortgage of certain Land & Building & hypothecation of Plant & Machinery & other fixed assets and personal guarantee by some of the directors of the Company.
  - ii) The Term Loan carries interest ranging from 10% to 12%.
  - iii) The repayment profile of aforesaid term loan(s) is as set out below:

Bank Name/ Loan A/c No.	Balance No. of Installments	Installments starting on	Installments ending on
OBC/806	4	June 2011	July 2016
OBC/148	20	June 2013	November 2017
SBI/2066	11	April 2014	February 2017
SBI/7881	45	January 2015	January 2020
SBI/6326	1	November 2014	April 2016
OBC/3211	37	June 2016	April 2019
SBI/9978	60	February 2017	January 2022
OBC/2953	58	February 2016	January 2021

As at  
March 31, 2016

### NOTE 6 : DEFERRED TAX LIABILITIES (NET)

#### Deferred Tax Liability

Fixed assets : Impact of difference between depreciatoin as per Income Tax Act and depreciation/amortization as per Companies Act 156,027,870

**Gross Deferred Tax Liability (A) 156,027,870**

#### 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 8,304,459

Unrealised Exchange Fluctuation on Capital Goods 39,458

Provision for Lease Equalisation 201,537

Provision of Doubtful Trade Receivables 862,755

Unabsorbed Depreciation 800,885

Others 419,665

**Gross Deferred Tax Assets (B) 10,628,759**

**Net Deferred Tax Liability (A-B) 145,399,111**

As at  
March 31, 2016

### NOTE 7 : OTHER LONG TERM LIABILITIES

Security Deposits 3,694,823

**Total 3,694,823**

## Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	Long Term	Short Term
	As at March 31, 2016	As at March 31, 2016
<b>NOTE 8 : PROVISIONS</b>		
<b>Provisions for employees benefits</b>		
Provision for Leave Encashment	5,990,363	1,916,014
Provision for Gratuity	433,774	10,222
	<b>6,424,136</b>	<b>1,926,236</b>
<b>Other provisions</b>		
Provision for Lease Equalisation	14,950	577,669
	<b>14,950</b>	<b>577,669</b>
<b>Total</b>	<b>6,439,086</b>	<b>2,503,905</b>

**a) In case of Sterling Tools Limited, the Contingent Liabilities and Other Commitments are as under:**

S.No.	Particulars	As at March 31, 2016
i)	Disputed Liability - Central Excise Act (Refer Note 'b' below)	9,316,935
ii)	Interest on disputed liability- Central Excise Act (Refer Note 'c' below)	3,678,036
iii)	Letter of Credit	13,493,037
iv)	Bank Guarantee	1,535,902
v)	EPCG- Duty in relation to Export Obligation	18,783,654
vi)	Disputed Liability for AY 2009-10 under Haryana Value Added Tax Act, 2003 on account Sale of Capital Good (Cars). The same is pending before The Hon'ble Haryana Tax Tribunal at Chandigarh.	98,594
vii)	Demand under Income Tax Act, 1961	
	- Assessment Year: 2013-14	62,830
	- Assessment Year: 2014-15	1,185,580
viii)	Disputed Liability under Central Excise Audit- II (Refer Note 'd' below)	22,226,095
ix)	Liability of Sales Tax due to pending C Forms	144,169,643
x)	The incremental liability for bonus for the period April 1, 2014 to March 31, 2015 based on retrospective amendment as per Payment of Bonus (Amendment) Act 2015 is not provided in the books of account; based on stay order passed by Chennai & Kerala High Court on the amendment. In respect of this, the future cash outflows are determinable only on receipt of judgement/ release of aforesaid stay order.	

b) Excise demand amounting to ₹ 189,015,254 for the period June 2006 to Dec 2008, ₹ 106,987,422 for the period January 2009 to October 2010, ₹ 3,990,394 for the period February 2010 to March 2010 and ₹ 5,326,546 for the period Nov 2010 to January 2011 under Central Excise Act arised due to dispute regarding assessable value with reference to MRP against which appeals were filed before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), New Delhi. Based on the appeals the department has granted the Stay order No. SO/677-678/2012-EX (DB) dated 23 April 2012 against the demand of ₹ 189,015,254 for the period June 2006 to Dec 2008 & ₹ 106,987,422 for the period January 2009 to October 2010. Corresponding to these stay orders, the tribunal (CESTAT) vide section 35-C(1) of the Central Excise Act, 1944 has adjudicated and passed final Order No. A/52747-52748/2015/Ex [DB] dated 05/08/2015 in favour of the Company and accordingly, the demand of ₹ 189,015,254 for the period June, 2006 to December, 2008 and ₹ 106,987,422 for the period January, 2009 to October, 2010 stands withdrawn. However, the demand orders for the period February, 2010 to March, 2010 and November, 2010 and January, 2011 are still in the dispute till final adjudication.

c) Interest amounting to ₹ 36,78,036 on the demands raised by Excise authorities has been calculated by the Company based on the fact mentioned in demand cum show-cause notices pending adjudication.

## Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

- d) The office of the Commissioner of Central Excise Audit- II, Delhi has vide order No. CE/Depp/ADT-11/CIR-12/GR-27/APR-438/379/2015-16/2418/dated 09-02-2016 issued a demand cum show cause notice for ₹ 22,226,095 pursuant to non compliance of rule 6(3) of Cenvat Credit Rules, 2004 for the period February 2011 to September 2015.

	As at March 31, 2016
<b>NOTE 9 : SHORT TERM BORROWINGS</b>	
Loans from banks (Secured)	
-Working Capital Facilities	217,785,939
- Buyers credit for capital goods	97,950,435
<b>Total</b>	<b>315,736,374</b>

- a) In case of Sterling Tools Limited, the working capital facilities include working capital demand loan, packing credit facilities, cash credit & buyers/ suppliers credit. The same are secured by hypothecation of all inventories including those in transit, receivables, book debts on pari passu basis, equitable mortgage of land and building situated at Plot No 52, 53 & 54 DLF Industrial Estate, Phase-I, Delhi- Mathura Road and personal guarantee by some of the directors of the Company. The outstanding balance is repayable on demand and the rate of interest ranges between 9% to 11% per annum.

	As at March 31, 2016
<b>NOTE 10 : TRADE PAYABLES</b>	
Amount due to Micro Small and Medium Enterprise	3,446,913
Principal Amount	13,810
Interest Payable on Outstanding Amount	269,626,497
Amount due to others	
<b>Total</b>	<b>273,087,220</b>

- a) In case of Sterling Tools Limited, as per requirement of notification number GSR 719 (E), the amount due as at the year end due to Micro, Small & Medium enterprises as defined in Industries (Development and Regulation) Act, 1951 is as given below:

S.No.	Particulars	As at March 31, 2016
i)	The Principal Amount & Interest due thereon remaining unpaid to any supplier as at end of the year	
	Principal Amount	3,446,913
	Interest	13,810
ii)	The amount of Interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	13,810
iii)	The amount of Interest accrued and remaining unpaid for the year	13,810

- b) This information has been compiled in respect of parties to the extent they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Management as at March 31, 2016. Further, in case of Sterling Fabory India Private Limited, no such amount were due to Micro, Small & Medium Enterprises as at March 31, 2016.

## Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	<b>As at March 31, 2016</b>
<b>NOTE 11: OTHER CURRENT LIABILITIES</b>	
Current maturities of long-term borrowings (refer Note No. 5)	144,769,040
Interest accrued but not due	1,297,635
Advance from customers	3,993,594
Unclaimed Dividend	2,740,840
<b>Others:</b>	
Gratuity payable	4,812,010
Statutory Dues Payable	32,438,897
Creditors for Capital Expenditure	3,416,864
<b>Total (Refer Note 'a' below)</b>	<b>193,468,881</b>

a) The above amount does not include any sum due to be transferred to Investor Education & Protection Fund.

## Notes to Consolidated financial statements for the year ended March 31, 2016

### NOTE 12 : FIXED ASSETS

(Currency : ₹ except otherwise specified)

PARTICULARS	GROSS BLOCK			DEPRECIATION/ AMORTIZATION			NET BLOCK AS AT MARCH 31, 2016S	
	AS AT APRIL 01, 2015	ADDITION during the Year	DEDUCTION	AS AT MARCH 31, 2016	AS AT APRIL 01, 2015	FOR THE YEAR		ADJUSTMENT DURING THE YEAR
<b>A. Tangible Assets</b>								
Land	117,367,331	-	19,695	117,367,636	-	-	-	117,367,636
Buildings	278,567,481	22,699,006	119,738	301,165,749	69,611,537	8,821,605	119,738	78,313,404
Leasehold Improvements (Buildings)	24,291,692	-	-	24,291,692	12,493,897	918,609	-	13,412,506
Plant and Equipment	1,588,263,530	185,882,416	89,722,689	1,684,423,257	682,077,150	106,168,451	74,161,353	714,084,248
Furniture and Fixtures	18,773,990	744,402	6,116,772	13,401,620	10,503,022	1,416,337	5,449,909	6,469,450
Vehicles	29,205,904	21,534,482	4,433,410	46,306,976	11,040,621	5,090,447	3,346,808	12,784,260
Office Equipments	23,625,646	2,031,055	7,356,609	18,300,093	16,108,270	3,124,054	6,840,715	12,391,609
Electrical Installations & Equipments	49,639,658	11,578	5,735,043	43,916,193	25,986,362	8,188,951	5,339,282	28,836,031
Computer System	10,120,355	613,943	7,015,222	3,719,076	8,894,275	534,834	6,673,034	2,756,075
<b>Total</b>	<b>2,139,895,586</b>	<b>233,515,882</b>	<b>120,519,178</b>	<b>2,252,892,290</b>	<b>836,715,134</b>	<b>134,263,286</b>	<b>101,930,839</b>	<b>869,047,581</b>
<b>B. Intangible Assets</b>								
Computer Software	3,254,371	1,009,528	-	4,263,899	2,575,923	419,066	-	2,994,989
<b>Total</b>	<b>3,254,371</b>	<b>1,009,528</b>	<b>-</b>	<b>4,263,899</b>	<b>2,575,923</b>	<b>419,066</b>	<b>-</b>	<b>2,994,989</b>
<b>C. Capital Work in Progress</b>								
CWIP	4,117,755	140,461,207	133,948,300	10,630,662	-	-	-	-
<b>Total</b>	<b>4,117,755</b>	<b>140,461,207</b>	<b>133,948,300</b>	<b>10,630,662</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,630,662</b>
<b>Grand Total</b>	<b>2,147,267,712</b>	<b>374,985,616</b>	<b>254,467,478</b>	<b>2,267,766,852</b>	<b>839,291,057</b>	<b>134,682,351</b>	<b>101,930,839</b>	<b>872,042,570</b>

a) Capital Work in Progress: The Movement in Capital Work in Progress is given as under:

PARTICULARS	As At April 1, 2015	Additions During The Year	Capitalized During The Year	Impaired/ Written Off During The Year	As At March 31, 2016
Building	4,090,360	18,935,870	22,663,457	-	362,773
Plant & Machinery	27,395	121,525,337	111,284,843	-	10,267,889
<b>Total</b>	<b>4,117,755</b>	<b>140,461,207</b>	<b>133,948,300</b>	<b>-</b>	<b>10,630,662</b>

## Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	Non Current	Current
	As at March 31, 2016	As at March 31, 2016
<b>NOTE 13: LOANS AND ADVANCES</b>		
<b>Capital Advances</b>		
- Secured, Considered Good	9,600,104	-
- Unsecured, Considered Good	13,705,614	-
<b>Security Deposits</b>	8,106,640	125,000
<b>Advances recoverable in cash or in Kind</b> (Unsecured, considered good)	-	76,314,857
<b>Other Loans and advances</b> (Unsecured considered good)		
- Advance Income Tax	1,100,420	-
[Net of provisions of March 31, 2016: ₹ 334,126,018		
- Advance to Suppliers	-	17,097,547
- Balances with Government Authorities	282,514	12,982,090
- Advance to Employees	68,000	1,683,002
- Prepaid Expenses	2,201,001	6,930,072
<b>Total</b>	<b>35,064,293</b>	<b>115,132,567</b>

**a) In case of Sterling Tools Limited, the Capital Commitment are as under:**

- i) Estimated amount of contracts remaining to be executed on the capital account and not provided for in the account (Net of Capital Advances): ₹ 49,353,507.
- ii) The Company in previous year had paid amounts to Senior Town Planner, Faridabad Circle, Faridabad, for the "change in land use" of its part of the land situated at its Prithla unit. As per the agreed terms, there will be certain external development charges which are payable on a future date. However, the quantum of such future liability is not quantified in the said letter.

	As at March 31, 2016
<b>NOTE 14: INVENTORIES</b>	
<b>(as taken, valued and certified by the Management)</b>	
Raw Materials	159,624,379
Goods in Transit - Raw Material	692,656
Traded Goods	3,696,896
Work in Process	18,409,463
Finished Goods	202,942,721
Stores, Spares & Consumables	28,183,036
Goods In Transit - Stores, Spares & Consumables	65,826
Tools & Dies	2,667,924
Scrap	86,328
<b>Total</b>	<b>416,369,229</b>

# Notes to Consolidated financial statements for the year ended March 31, 2016

## Note 15: Trade Receivables & Other Assets

(Currency : ₹ except otherwise specified)

	Non Current	Current
	As at March 31, 2016	As at March 31, 2016
<b>NOTE 15.1: TRADE RECEIVABLES</b>		
(Unsecured, considered good unless stated otherwise)		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	-	8,633,192
Unsecured, considered doubtful	-	2,492,936
	-	11,126,128
Less: Provision for doubtful debts	-	2,492,936
	<b>(A)</b>	<b>8,633,192</b>
<b>Other Receivables</b>		
- Unsecured, Considered Good	-	359,270,911
	<b>(B)</b>	<b>359,270,911</b>
<b>Total</b>	<b>(A+B)</b>	<b>367,904,103</b>

	Non Current	Current
	As at March 31, 2016	As at March 31, 2016
<b>15.2 - OTHER ASSETS</b>		
(Unsecured, considered good unless stated otherwise)		
Interest Accrued but not due on Deposit Accounts	-	1,584,620
Export Incentive Receivable	-	7,523,475
Other Receivable	-	626,484
<b>Total</b>	<b>-</b>	<b>9,734,578</b>

	Non Current	Current
	As at March 31, 2016	As at March 31, 2016
<b>NOTE 16: CASH AND BANK BALANCES</b>		
<b>Cash &amp; Cash Equivalents</b>		
Balances with Scheduled banks :		
On current accounts	-	23,255,826
Deposits accounts with original maturity less than 3 months	-	82,230,550
On unpaid dividend accounts	-	2,740,840
Cash in hand	-	975,456
Demand Draft in Hand	-	572,000
	<b>(A)</b>	<b>109,774,672</b>
<b>Other Bank Balances</b>		
Deposit Accounts With Original Maturity More Than 3 Months But Less Than 12 Months	-	12,607,479
	<b>(B)</b>	<b>12,607,479</b>
<b>Total</b>	<b>(A+B)</b>	<b>122,382,151</b>



# Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	<b>For the year ended March 31, 2016</b>
<b>NOTE 17: REVENUE FROM OPERATIONS</b>	
Sale of Products	
Finished Goods	4,084,137,998
Traded Goods	24,696,983
Other Operating Revenues	
Steel Scrap Sale	35,629,353
Export incentives & Margins	14,706,021
<b>Revenue From Operations (Gross)</b>	<b>4,159,170,355</b>
Less: Excise duty on Finished Goods	436,695,482
<b>Revenue From Operations (Net)</b>	<b>3,722,474,873</b>

	<b>For the year ended March 31, 2016</b>
<b>Details of Products Sold</b>	
Manufacturing - High Tensile Fasteners	4,084,137,998
Trading - Fasteners	24,696,983
	<b>4,108,834,981</b>

	<b>For the year ended March 31, 2016</b>
<b>NOTE 18: OTHER INCOME</b>	
<b>Interest Income on</b>	
- Fixed Deposits	3,043,077
- Electricity Security Deposit	1,012,779
- Income Tax Refund	1,826,551
<b>Other Non Operating Income</b>	
Miscellaneous Scrap	2,230,426
Credit Balances Written Back	7,250,455
Discount Received	1,751,291
Foreign Exchange Fluctuation	-
<b>Total</b>	<b>17,114,578</b>

## Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2016	
<b>NOTE 19: COST OF RAW MATERIAL CONSUMED</b>		
Balance at the beginning of the year	145,570,513	
Add : Purchases during the year	1,441,665,287	
	1,587,235,799	
Less:- Balance at the end of the year	159,624,379	
<b>Cost of Raw Material Consumed</b>	<b>1,427,611,421</b>	
<b>a) Details of Raw material consumed</b>		
Cold Head Quality Steel Wire	1,426,157,139	
Fasteners	1,454,282	
	<b>1,427,611,421</b>	
<b>d) Details of Imported and Indigenous Raw materials Consumed</b>		
	%	Value (₹)
Imported Raw Material	6.43	91,774,302
Indigenous Raw Material	93.57	1,335,837,119
	<b>100.00</b>	<b>1,427,611,421</b>

	For the year ended March 31, 2016
<b>NOTE 20: PURCHASE OF TRADED GOODS</b>	
Purchase of Fasteners - Import	5,062,615
Purchase of Fasteners - Indigenous	11,534,317
	<b>16,596,932</b>

	For the year ended March 31, 2016
<b>NOTE 21: CHANGES IN INVENTORIES IN FINISHED GOODS AND WORK-IN-PROGRESS</b>	
<b>Inventories at the beginning of the year</b>	
Finished Goods	182,682,891
Work in Progress	46,667,120
Scrap	446,168
Traded Goods	3,655,835
	<b>233,452,013</b>
<b>Inventories at the end of the year</b>	
Finished Goods	202,942,721
Work in Progress	18,409,463
Scrap	86,328
Traded Goods	3,696,896
	<b>225,135,409</b>
<b>(Increase) / Decrease in inventories</b>	<b>8,316,605</b>

# Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2016
<b>NOTE 22: EMPLOYEE BENEFIT EXPENSE</b>	
Salary, Wages & Bonus	293,406,481
Contribution to Provident & other Funds	20,750,548
Gratuity	3,723,668
Leave Encashment	2,302,627
Staff Welfare Expenses	9,841,750
<b>Total</b>	<b>330,025,073</b>

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

(i) **Defined Contribution Plan**

The Company makes contribution towards Provident Fund, ESI 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. Similarly, the contribution is made in ESI at a specified percentage of payroll cost. In case of Sterling Fabory India Private Limited, the Company makes contribution towards Employees Provident Fund and Labour Welfare Fund. Under the rules of these schemes, the company is required to contribute a specified percentage of payroll costs. The Company during the year recognised the following amounts in the Statement of Profit and Loss under company's contribution to defined contribution plan.

(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 determine 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. In case of Sterling Fabory India Private Limited, no fund is being maintained for the Gratuity and Leave Encashment obligation determined through Projected Unit Credit Method.

	For the year ended March 31, 2016
<b>NOTE 23: FINANCE COST</b>	
Interest Expense	56,175,708
Other borrowing cost	1,901,626
Net Exchange Loss On Foreign Currency Borrowings To The Extent Considered As An Adjustment To Interest Cost	2,999,007
Interest on delayed payment of taxes	1,760,415
<b>Total</b>	<b>62,836,756</b>

## Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2016
<b>NOTE 24: OTHER EXPENSES</b>	
Consumption Of Stores & Spares	336,474,548
Job Work Charges	114,465,608
Consumption Of Packing Materials	68,328,912
Power & Fuel	308,354,510
Rent	9,151,976
Repairs & Maintenance	
- Building	30,381,429
- Plant & Machinery	109,206,748
Security Charges	6,368,865
Insurance	5,496,156
Legal & Professional Charges	8,671,890
Rates And Taxes	2,917,152
Increase/(Decrease) In Excise Duty On Finished Goods	7,175,664
Sales Promotion	48,194,004
Freight Outward	108,633,021
Travelling & Conveyance	14,843,241
Contract Labour Charges	51,691,309
Payment To Auditors (Refer Details Below)	1,226,147
Commission To Director	14,100,000
CSR Expenses	4,583,800
Foreign Exchange Fluctuation	1,171,461
Provision For Doubtful Receivables	2,492,936
Bad Debts Written Off	13,533,518
Miscellaneous Expenses	58,238,747
<b>Total</b>	<b>1,325,701,640</b>

### a) Expenditure in foreign currency

	For the year ended March 31, 2016
Travelling	3,357,809
Others	3,840,732
<b>Total</b>	<b>7,198,541</b>

	For the year ended March 31, 2016
<b>NOTE 25: EXCEPTIONAL ITEMS</b>	
Profit on Compulsory Acquisition of land	2,532,483
(Loss) on Sale of Other Fixed Assets	(12,649,994)
Provision for Doubtful Receivables Written Back	6,287,452
Others	(4,236)
	<b>(3,834,295)</b>

# Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

## Note 26: Leases

### a) In case of Sterling Tools Limited, the details of Leases in compliance of AS 19 are as under:

- i) The Company has taken Factory Premises on non-cancellable operating lease from Haryana Ispat Private Limited. Agreement of Lease was renewed on 01.01.2012 and is valid till 31.12.2016. Lease rental (including transfer to lease equalisation reserve) amounting to ₹ 6,630,758 has been debited to Statement of Profit and Loss. Future minimum lease rentals as on 31 March 2016 are as under:

Particulars	For the year ended March 31, 2016
Not later than one Year	4,973,068
Later than one year and not later than five years	-
<b>Total</b>	<b>4,973,068</b>

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Factory premises at Faridabad	31.12.2016	Yes	Yes	No

- ii) The Company has taken Nitrogen Plant on non-cancellable operating lease from Air Liquid North India Private Limited Lease Agreement is valid till 14.02.2017. Lease rental amounting to ₹ 240,000 has been debited to Statement of Profit and Loss. Future minimum lease rentals as on 31 March 2016 are as under:

Particulars	For the year ended March 31, 2016
Not later than one Year	210,000
Later than one year and not later than five years	-
<b>Total</b>	<b>210,000</b>

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	14.02.2017	Yes	Yes	No

- iii) The Company has taken furnished office space on operating cancelable lease. Lease Agreement was valid till 31.10.2017. Lease rental amounting to ₹ 90,000 has been debited to Statement of Profit and Loss. 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	31.10.2017	Yes	Yes	No

- iv) The Company has taken furnished office space on operating cancelable lease. Lease Agreement is valid till 31.03.2016. Lease rental amounting to ₹ 72,000 has been debited to Statement of Profit and Loss. 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 for Regd.Office, K-40,Conaught Circus,New Delhi-110001	31.03.2016	No	Yes	No

## Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

- v) The Company has taken two Tricotect Equipments on non-cancellable operating lease from Atotech India Private Limited. Lease Agreements are valid till 28.02.2018. Lease rental amounting to ₹ 110,000 has been debited to Statement of Profit and Loss. Future minimum lease rentals as on 31 March 2016 are as under:

Particulars	For the year ended March 31, 2016
Not later than one Year	120,000
Later than one year and not later than five years	110,000
<b>Total</b>	<b>230,000</b>

Details of Leasing Agreement is enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Two Tricotect Equipments	28.02.2018	No	Yes	No

- b) The details of assets taken on operating leases in case of Sterling Fabory India Private Limited are as under:

- i) The Company has taken office/warehouse space in Faridabad on operating cancellable lease. Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Office & Warehouse Space	31.03.2016	No	Yes	No

- ii) The Company has taken office/ warehouse space in Pune on operating cancellable lease. Lease agreement is valid till 14.06.2017. Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Office & Warehouse Space	14.06.2017	Yes	Yes	No

- iii) The Company has taken furnished office space on operating cancelable lease. Lease Agreement is valid till 31.03.16. 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 for Registered Office	31.03.2016	No	Yes	No

### NOTE 27 EARNING PER SHARES (EPS)

The following reflects the profit and share data used in computation of basic and diluted EPS:

Profit after Tax	280,447,642
Weighted average equity Shares outstanding (Nos)	6,844,600
Earning per Share - basic/diluted (₹)	40.97

# Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

## NOTE 28 DISCLOSURE OF RELATED PARTY(S) & RELATED PARTY TRANSACTIONS

### I Name of the Related Parties and description of relationship:

Enterprise over which KMP exercise Control and/or Significant Influence (including in case of Joint Venture Company)	Haryana Ispat Private Limited Sterling Technologies Private Limited Sterling Automobiles Private Limited Sterling Mobikes Private Limited Jaycee Automobiles Private Limited Sterling Fincap Private Limited Prism Global Creative Products Private Limited Jaycee Premium Cars Private Limited Noble Cars Private Limited Fabory Netherlands Fabory USA Grand Rapids Fabory Canada Inc. Combori NV Fabory Shanghai
Key Management Personnel	Mr. M. L. Aggarwal - Chairman Mr. Anil Aggarwal - Managing Director Mr. Atul Aggarwal - Whole Time Director & CFO Ms. Vaishali Singh - Company Secretary Mr. Anish Aggarwal - Relative of Key Management Personnel Mr. John Bankim Kaul - Director in Joint Venture Company Mr. Ronald Ernest Baarslag - Director w.e.f. 16.09.2015 in Joint Venture Company

### II Disclosure of Related Parties Transactions (including Material transactions):

(Currency : ₹ except otherwise specified)

	As at March 31, 2016	
i) Enterprises over which Key Management Personnel has significant influence	Sterling Tools Limited	Sterling Fabory India Private Limited*
<b>a) Expenses paid- R&amp;M</b>		
Sterling Automobiles Private Limited	325,286	33,189
Jaycee Automobiles Private Limited	331,507	-
<b>b) Expenses paid- Insurance</b>		
Jaycee Automobiles Private Limited	176,921	-
Sterling Automobiles Private Limited	57,382	-
<b>c) Rent paid</b>		
Haryana Ispat Private Limited	8,011,600	-
Sterling Technologies Private Limited	-	1,276,664
<b>d) Purchase of Asset</b>		
Sterling Automobiles Private Limited	1,663,926	-
Jaycee Automobiles Private Limited	17,493,319	-
Combori NV	-	42,348
<b>e) Purchase of Material</b>		
Fabory Netherlands(Including Goods in transit)	-	2,090,012
Fabory USA Grand Rapids	-	1,423
Fabory Canada Inc.	-	62

# Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

ii) Transaction with Key Management Personnel & Their Relatives		
Remuneration Paid (Refer note 'iv' below)		
Mr. Manohar Lal Aggarwal	10,234,039	-
Mr. Anil Aggarwal	9,307,808	-
Mr. Atul Aggarwal	9,047,129	-
Ms. Vaishali Singh	1,301,953	-
Mr. Anish Aggarwal	1,077,018	-
Commission Paid		
Mr. Manohar Lal Aggarwal	4,700,000	-
Mr. Anil Aggarwal	4,700,000	-
Mr. Atul Aggarwal	4,700,000	-
iii) Closing Balances		
Remuneration Payable		
Mr. Manohar Lal Aggarwal	48,497	-
Mr. Anil Aggarwal	368,583	-
Mr. Atul Aggarwal	56,193	-
Ms. Vaishali Singh	103,412	-
Mr. Anish Aggarwal	19,244	-
Commission Payable		
Mr. Manohar Lal Aggarwal	3,073,424	-
Mr. Anil Aggarwal	3,073,424	-
Mr. Atul Aggarwal	3,073,424	-
Outstanding Balances		
Sterling Automobiles Private Limited	28,811	-
Fabory Netherlands	-	(840,944)
Combori NV	-	(42,348)
Fabory Canada Inc.	-	(62)
Fabory USA Grand Rapids	-	(1,421)

\* The related party transactions and outstanding balances of Sterling Fabory India Private Limited have been disclosed on the basis of controlling interest of 50% of Sterling Tools Limited in Joint Venture Company.

- iv) The provision for contribution to Gratuity, Leave Encashment on retirement and other defined benefits which are made on actuarial valuation on an overall Company basis are not included in the remuneration to Key Managerial Personnel disclosed above.

## NOTE 29. DERIVATIVES

- a) The following contracts in case of Sterling Tools Limited are outstanding to hedge the future receipts & payments in the ordinary course of business. These arrangements are designed to address significant exchange exposures and are reviewed/ renewed by the Management on a revolving basis; as required:

Category of Derivative Instruments	Purpose of Derivative	Number of Contracts	Amount of Hedged Foreign Currency
Forward Contracts			
As at March 31, 2016	Hedging- Imports	5	USD 1,350,850
	Hedging- Exports	5	EURO 300,000



## Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

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

Particulars	As at March 31, 2016 Sterling Tools Limited		As at March 31, 2016 Sterling Fabory India Private Limited#	
	Foreign Currency	₹	Foreign Currency	₹
Foreign currency exposure not hedged (Sell)	498,319 EURO	13,498,778	-	-
	41,333 USD	2,741,608	-	-
	9,012 GBP	857,013	-	-
Foreign currency exposure not hedged (Buy)	4,921 GBP	467,932	-	-
	293,405 USD	19,461,575	551 USD	36,577
	364,524 JPY	215,069	-	-
	20 EURO	1,522	10,297 EURO	773,275
	-	-	1 CAD	61

# The foreign currency exposure of Sterling Fabory India Private Limited have been disclosed on the basis of controlling interest of 50% of Sterling Tools Limited in Joint Venture Company

### NOTE 30: CSR Expenditure

#### CSR Expenditure

- (a) Gross amount required to be spent by the Company during the year (i.e. 2% of Average Net profits u/s 198 of Companies Act, 2013 of last three years):
- (b) Amount spent during the year:

S. No.	Purpose for which expenditure incurred	Amount (₹) In Cash/ Cheque	Remarks	Total	Outstanding Amount to be Spent for FY 2015-16
(i)	Construction/acquisition of any asset	-	-	-	-
(ii)	On purposes other than (i) above	600,000	Payment to Educational & Other Welfare Societies	4,583,800	45,388
		500,000	Payment to Golf Foundation		
		400,000	Children Welfare Activities		
		1,600,000	Payment to Charitable Trust & societies		
		500,000	Charity to Eye Hospital		
		983,800	Others		

## Notes to Consolidated financial statements for the year ended March 31, 2016

(Currency : ₹ except otherwise specified)

**Note 31: Additional Information as required under Paragraph 2 of the General Instructions for Preparation of Consolidated Financial statements to Schedule III to the Companies Act , 2013 :**

Name of the Partner Entity	Net Assets i.e. total assets minus total liabilities		Share in Profit & Loss	
	As % of Consolidated Net Assets	Amount (₹)	As % of Consolidated Profit & Loss	Amount (₹)
	<b>March 31, 2016</b>		<b>March 31, 2016</b>	
<b>Parent Company</b>				
Sterling Tools Limited	103.30	1,333,679,210	101.32	284,152,538
<b>Joint Venture Company</b>				
Sterling Fabory India Private Limited	(3.30)	(42,629,518)	(1.32)	(3,704,896)
<b>Total</b>	<b>100.00</b>	<b>1,291,049,691</b>	<b>100.00</b>	<b>280,447,642</b>

### Note 32:

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 March 31, 2016.

### Note 33:

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 34:

The process of obtaining balance confirmation and account reconciliation is an ongoing process and accordingly the closing balances of certain trade receivables, trade payables and loans and advances are subject to confirmation as at March 31, 2016.

### Note 35:

Since the consolidated financial statements of Sterling Tools Limited with its Joint Venture Company i.e. Sterling Fabory India Private Limited is presented for the first time as per Proviso to Rule 6 of the Companies (Accounts) Rules 2014 inserted by the Companies (Accounts) Amendment Rules, 2014 vide Notification No. G.S.R. 723 (E) dated 14-10-2014; the previous year figures have not been given.

### Note 36:

The figures are rounded off to nearest rupee.

**For & on behalf of Board of Directors of Sterling Tools limited**

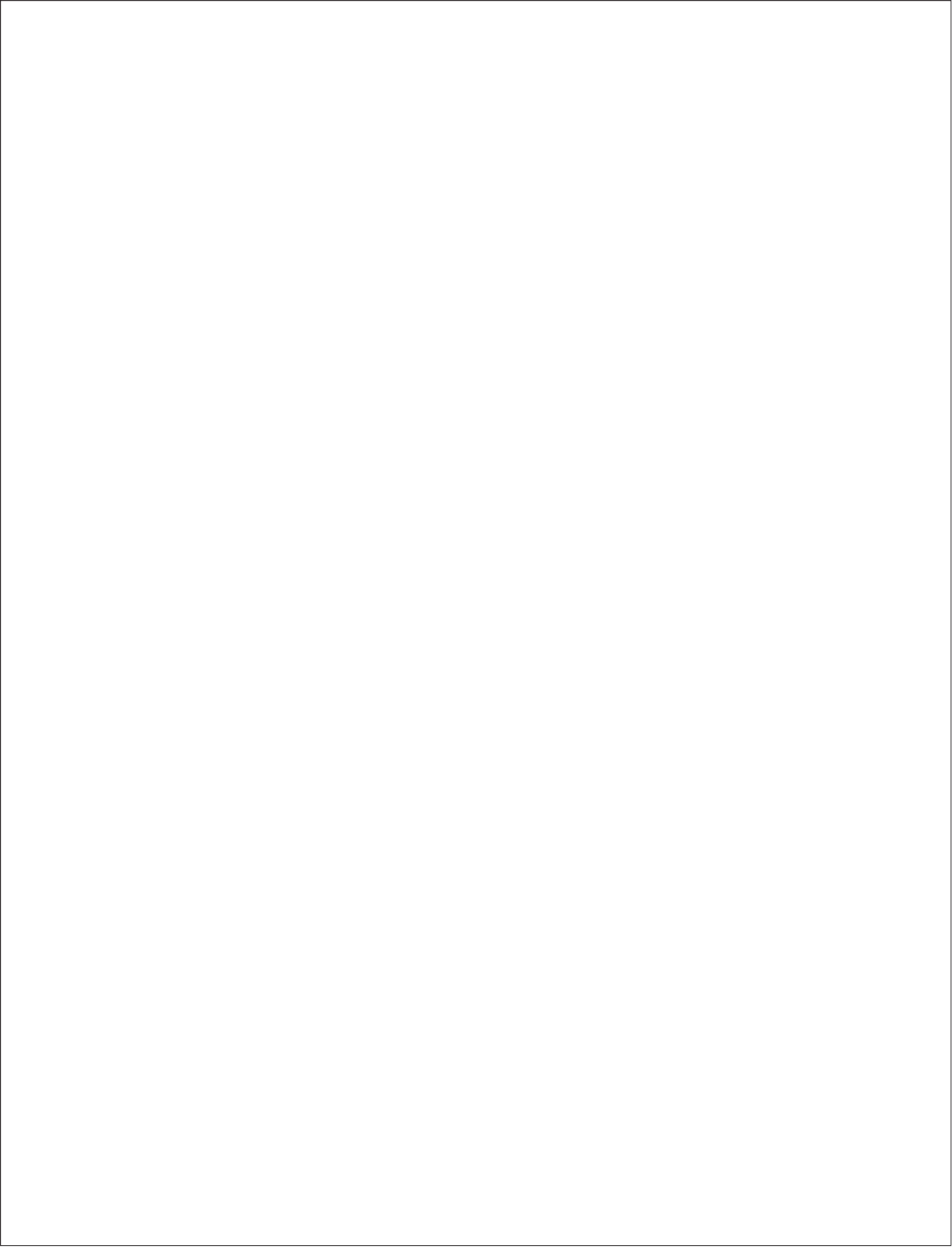
(M. L. Aggarwal)  
Chairman  
DIN No.00027380

(Anil Aggarwal)  
Managing Director  
DIN No.00027214

Place of Signature: Faridabad  
Date: 20 May, 2016

(Atul Aggarwal)  
Chief Financial Officer  
PAN No.: AAUPA6243R

(Vaishali Singh)  
Company Secretary  
PAN No.: AVIPS7863A



**STERLING TOOLS LIMITED**



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