



STERLING TOOLS LIMITED

ANNUAL REPORT 2016-2017



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 38th Annual Report on the business and operations of your Company and Audited Financial Statements for the financial year ended March 31, 2017.

Financial Results

The Company's performance for the Financial Year 2016-2017 vis-à-vis 2015-2016 is summarized as under:

(Amount in Lacs)

Particulars	Standalone		Consolidated*	
	2016-2017	2015-2016	2016-2017	2015-2016
Revenue from Operations (Net)	37392.23	36937.47	37777.08	37224.75
Profit before interest, depreciation and tax	8030.15	6248.50	8025.95	6208.42
Interest	507.54	561.76	507.54	561.76
Depreciation	1533.44	1340.58	1538.04	1346.82
Profit Before Tax (PBT)	5989.17	4346.16	5980.37	4299.84
Provision for Tax	2103.49	1504.63	2104.15	1495.37
Profit After Tax (PAT)	3885.68	2841.53	3876.22	2804.47
Appropriations:				
Interim Dividend	684.46	1026.69	684.46	1026.69
Tax on Interim Dividend	139.34	209.01	139.34	209.01
Transfer to General Reserve	391.00	284.00	391.00	284.00
Balance Carried to Balance Sheet	12580.38	9909.51	12144.63	9483.21

Company's performance and Future outlook

During the year under review, your Company has taken measures to enhance operational efficiencies by changing Product Mix, improvements at shop floor and reducing rejections.

The highlights of the Company's performance during the Financial Year 2016-17 are as under:

- Revenue from operations increased by 1.23% to Rs. 37392.23 Lacs.
- Exports decreased by 20.41% to Rs. 2654.14 Lacs.
- PBDIT increased by 28.51% at Rs. 8030.15 Lacs.
- Profit before Tax increased by 37.80% at Rs. 5989.17 Lacs.
- Net Profit increased by 36.75% to Rs. 3885.68 Lacs.

The Company has plans to expand its operations by setting up fourth manufacturing facility either at Ahmedabad or in South vicinity which will boost up the growth rate of the Company. The Company has already signed a Business Collaboration Agreement with a Japan based Company named Meidoh Co. Ltd. to upgrade the existing systems and processes for catering the Japanese Four Wheeler Passenger Vehicle Companies in India. The Management looks the future with optimism and hopes to do better in year to come.

Dividend

Considering the good financial performance of the Company, the Directors had, in their meetings held on 8th August, 2016 and 11th February, 2017 recommended 50% dividend each time, thus aggregating to 100% interim dividend for financial year 2016-2017 against 150% 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 2016-2017 and the interim dividends already declared and paid be considered as final dividend for the financial year 2016-2017.

The total outflows on account of said Interim Dividends (including Dividend Distribution Tax, Surcharge and Education Cess) amount to Rs. 823.80 Lacs.

Transfer to General Reserve

The Company proposes to transfer Rs. 391.00 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, 2017, 99.10% of the Company's total paid-up Capital representing 33915360 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, 2017, the Company has Authorised Share Capital of Rs.10,00,00,000/-and Paid Up Share Capital of Rs. 6,84,46,000/-. During the year company Sub-divided the face value of Rs. 10/- for 1 (one) Equity Share into face value Rs. 2/- each for 5 (Five) Equity Shares through the ordinary resolution passed through Postal ballot w.e.f., 11th January, 2017. 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, 2017.

Subsidiaries, Joint Venture and Associate Companies

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 2016-2017.

Further the Company has acquired 100% shareholding of Haryana Ispat Pvt. Ltd. on 25th November, 2016. Hence the said Company is a wholly owned Subsidiary of our company w.e.f. 25th November, 2016.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a Statement containing the salient features of financial statements of both the Companies Joint Venture Company named Sterling Fabory India Pvt. Ltd. and Wholly Owned Subsidiary Company named Haryana Ispat Pvt. Ltd. by way of **Form AOC-1** is attached to the Accounts as an Annexure -I.

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.

Number of meetings of the Board and attendance of the Directors

4 (four) 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. 40** 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. Anil 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 read with 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 and Rs. 11,98,50,000/- (Rupees Eleven Crores Ninety Eight Lacs Fifty Thousand Only) in Equity Share Capital of Haryana Ispat Private Limited, a Subsidiary Company till 31st March 2017.

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. 43** 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 criteria 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 26th December, 2016, 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.stlfasteners.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, 2017, the Gross Fixed Assets (including Capital WIP) stood at Rs. 24425.85 Lacs and Net Fixed Assets stood at Rs. 14314.41 Lacs. Additions during the year amounted to Rs. 3965.48 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, 2016 (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, 2017, 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, 2017 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 existing Statutory Auditors of the Company have been in office for more than 10 years and in compliance with the provisions of Section 139 of Companies Act, 2013, the Audit Committee and the Board of Directors vide their meetings held on 31st August, 2017 recommended the appointment of M/s Walker Chandiook & Co., LLP as Statutory Auditors of the Company for a term of 5 years from the conclusion of forthcoming Annual General Meeting of the Company until the conclusion of the 43rd Annual General Meeting of the Company.

II) Report

The Auditors' Report and Notes on Accounts for the financial year 2016-2017 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 2016-2017, who has conducted the Secretarial Audit of the Company for the year 2016-2017. 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 2016-2017.

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, 2017 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

The Company has not received any significant order, demand or notice from any Regulatory Authority, Courts or tribunals impacting the going concern status and operations of the Company in future.

Development of Risk Management Policy

The Company has a risk management policy the objective of which is to lay down a structured framework of identifying potential threats to the organisation on a regular basis, assessing their occurrence and develop a plan to mitigate the impact of such risk on the Company to the extent possible. The policy recognizes that all the risks can't be eliminated but these could be controlled or minimized through effective mitigation measures and by effective internal controls.

Vigil Mechanism/Whistle Blower Policy

Pursuant to the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI Listing Regulations, the Company has adopted a policy on Vigil Mechanism for directors and employees to report their genuine concerns or grievance to the Vigilance Officer. The policy is available on the Company' website www.stlfasteners.com.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in enclosing the Consolidated Financial Statements in addition to the standalone financial statements pursuant to Section 129(3) of the Companies Act, 2013 (Act) and SEBI Listing Regulations and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

Human Resources

The Company believes and considers its human resources as the most valuable asset. Hence continues its focus on their retention through employee engagement initiatives and provides a holistic environment where employees get opportunities to realize their potential. The policy of the Company not only meets all applicable statutory requirements but also focuses on motivation, learning and training of employees for the overall development of human resources.

The directors are pleased to record their appreciation for the services rendered by the employees and staff at all levels.

Weblink to Important documents/information

The Company has hosted certain policies/documents/information including inter alia, Policy for determining 'Policy on Related Party Transactions, Familiarisation programmes for Independent Directors etc. as per the requirement of law or otherwise on following link: www.stlfasteners.com/

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: 31st August, 2017
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

(Information in respect of each subsidiary to be presented with amount in Rs.)

1.	Sl. No.	1
2.	Name of the Subsidiary	Haryana Ispat Private Limited
3.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	31 st March, 2017
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	INR
5.	Share Capital	Rs. 10,00,000/-
6.	Reserves & Surplus	Rs. 2,04,30,491/-
7.	Total Assets	Rs. 2,19,62,737/-
8.	Total Liabilities	Rs. 2,19,62,737/-
9.	Investments	Rs. NIL
10.	Turnover	Rs. 65,01,903/-
11.	Profit before taxation	Rs. 63,34,358/-
12.	Provision for taxation	Rs. 19,65,941/-
13.	Profit after taxation	Rs. 43,68,417/-
14.	Proposed Dividend	Rs. NIL
15.	% of Shareholding	100%

Note: The following information shall be furnished at the end of the Statement:

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

S. No.	Name of Associates/Joint Venture	Sterling Fabory India Private Limited
1.	Latest audited Balance Sheet Date	31 st March, 2017
2.	Shares of Associate/ Joint Venture held by the company on the year end	31 st March, 2017
	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	
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	148.05
6.	Profit / Loss for the year	(27.82)
	Considered in Consolidation	(13.91)
	Not Considered in Consolidation	(13.91)

1. Names of associates or joint ventures which are yet to commence operations.
2. 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

Annexure-II to Board's Report

Extract of Annual Return

FORM NO. MGT 9

As on financial year ended on 31.03.2017

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

Sl. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Haryana Ispat Private Limited	U27101DL2005 PTC134366	Wholly owned SUBSIDIARY	100%	2(87)

IV SHAREHOLDING PATTERN (Equity Share capital Breakup 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	
A. Promoters									
(1) Indian									
a) Individual/HUF	4801235	0	4801235	70.15	24006175	0	24006175	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
SUB TOTAL: (A) (1)	4801235	0	4801235	70.15	24006175	0	24006175	70.15	0.00
(2) Foreign									
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
SUB TOTAL: (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	4801235	0	4801235	70.15	24006175	0	24006175	70.15	0.00
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	5422	22400	27822	0.41	45312	112000	157312	0.46	0.05
b) Banks/FI	0	0	0	0.00	3669	0	3669	0.01	0.01
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)	620	0	620	0.01	3100	0	3100	0.01	0.00
Foreign Portfolio Investors	0	0	0	0.00	56107	0	56107	0.16	0.16
SUB TOTAL (B)(1):	6042	22400	28442	0.42	108188	112000	220188	0.64	0.22

(2)	Non Institutions									
a)	Bodies corporate	0	0	0	0.00	0	0	0	0.00	0.00
i)	Indian	107212	300	107512	1.57	250271	1500	251771	0.74	-0.83
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	808190	40929	849119	12.41	4477184	194140	4671324	13.65	1.24
ii)	Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	989027	0	989027	14.45	4795739	0	4795739	14.01	-0.44
c)	Others (specify)									
c-i)	Clearing Member	49635	0	49635	0.73	80038	0	80038	0.23	-0.50
c-ii)	Non-Resident Indian/OCBs	19580	0	19580	0.29	194015	0	194015	0.57	0.28
d)	NBFCs Registered with RBI	50	0	50	0.00	0	0	0	0.00	0.00
e)	Trust	0	0	0	0.00	3750	0	3750	0.01	0.01
SUB TOTAL (B)(2):		1973694	41229	2014923	29.43	9800997	195640	9996637	29.21	-0.22
Total Public Shareholding (B)=(B)(1)+(B)(2)		1979736	63629	2043365	29.85	9909185	307640	10216825	29.85	0.00
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)		6780971	63629	6844600	100.00	33915360	307640	34223000	100.00	0.00

* Shares sub-divided One Equity Shares of Rs. 10/- to Five Equity Shares of Rs. 2/- on 11th January, 2017

(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	1600000	4.68	0	0.00
2	ANIL AGGARWAL HUF	280400	4.10	0	1402000	4.10	0	0.00
3	ATUL AGGARWAL	1729691	25.27	0	864845.5	25.27	0	0.00
4	MANOHAR LAL AGGARWAL	771016	11.26	0	3855080	11.26	0	0.00
5	ANIL AGGARWAL	1568128	22.91	0	7840640	22.91	0	0.00
6	AKHILL AGGARWAL	132000	1.93	0	660000	1.93	0	0.00
	Total	4801235	70.15	0	2400617.5	70.15	0	0.00

* Shares sub-divided One Equity Shares of Rs. 10/- to Five Equity Shares of Rs. 2/- on 11th January, 2017

(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 (01.04.2016) and End of the Year (31.03.2017)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	Jagdish Kumar Aggarwal @	387,449	5.66	01.04.16				
				08.04.16	-1985	Sold	385,464	5.63
				15.04.16	-12,081	Sold	373,383	5.46
				22.04.16	-6,026	Sold	367,357	5.37
				29.04.16	-110	Sold	367,247	5.37
				22.07.16	-525	Sold	366,722	5.36
				19.08.16	200	Purchase	366,922	5.36
				20.01.17	1,467,688	Split	1,834,610	5.36
				1,834,610	5.36	31.03.17		1,834,610
2	Anil Kumar Goel @	246,000	3.59	01.04.16			246,000	3.59
				22.04.16	11821	Purchase	257,821	3.77
				29.04.16	3509	Purchase	261,330	3.82
				06.05.16	187	Purchase	261,517	3.82
				13.05.16	215	Purchase	261,732	3.82
				20.05.16	268	Purchase	262,000	3.83
				12.08.16	-2000	Sold	260,000	3.8
				17.08.16	-2000	Sold	258,000	3.77
				22.09.16	-2000	Sold	256,000	3.74
				07.10.16	-1000	Sold	255,000	3.73
				21.10.16	-3000	Sold	252,000	3.68
				28.10.16	-758	Sold	251,242	3.67
				20.01.17	1004968	Split	1,256,210	3.67
				1,253,089	3.66	31.03.17	-3121	Sold
3	Seema Goel @	135,000	1.97	01.04.16			135,000	1.97
				20.01.17	540000	Split	675,000	1.97
		675,000	1.97	31.03.17			675,000	1.97

4	Dolly Khanna @	65,998	0.96	01.04.16			65,998	0.96
				08.04.16	6553	Purchase	72,551	1.06
				15.04.16	42	Purchase	72,593	1.06
				22.04.16	3217	Purchase	75,810	1.11
				29.04.16	3250	Purchase	79,060	1.16
				06.05.16	1000	Purchase	80,060	1.17
				13.05.16	580	Purchase	80,640	1.18
				27.05.16	955	Purchase	81,595	1.19
				24.06.16	1229	Purchase	82,824	1.21
				22.07.16	2335	Purchase	85,159	1.24
				12.08.16	7500	Purchase	92,659	1.35
				17.08.16	3000	Purchase	95,659	1.4
				19.08.16	1287	Purchase	96,946	1.42
				26.08.16	3370	Purchase	100,316	1.47
				02.09.16	690	Purchase	101,006	1.48
				16.09.16	913	Purchase	101,919	1.49
				22.09.16	7904	Purchase	109,823	1.6
				30.09.16	500	Purchase	110,323	1.61
				07.10.16	995	Purchase	111,318	1.63
				21.10.16	325	Purchase	111,643	1.63
				28.10.16	-400	Sold	111,243	1.63
				04.11.16	-903	Sold	110,340	1.61
				11.11.16	-1592	Sold	108,748	1.59
				06.01.17	2516	Purchase	111,264	1.63
				20.01.17	445056	Split	556,320	1.63
				10.03.17	2455	Purchase	558,775	1.63
		17.03.17	2435	Purchase	561,210	1.64		
		24.03.17	2000	Purchase	563,210	1.65		
		563,210	1.65	31.03.17		563,210	1.65	
5	Anuradha Mittal @	33,851	0.49	01.04.16			33,851	0.49
				20.01.17	135404	Split	169,255	0.49
		169,255	0.49	31.03.17			169,255	0.49
6	D Srimathi @	29,149	0.43	01.04.16			29,149	0.43
				25.11.16	966	Purchase	30,115	0.44
				20.01.17	120460	Split	150,575	0.44
		150,575	0.44	31.03.17			150,575	0.44
7	Ritu Goel @	30,000	0.44	01.04.16			30,000	0.44
				20.01.17	120000	Split	150,000	0.44
		150,000	0.44	31.03.17			150,000	0.44
8	Rashi Anil Goel #	20,000	0.29	01.04.16			20,000	0.29
				20.01.17	80000	Split	100,000	0.29
		100,000	0.29	31.03.17			100,000	0.29
9	Rajeev Gupta #	20,000	0.29	01.04.16			20,000	0.29
				20.01.17	80000	Split	100,000	0.29
		100,000	0.29	31.03.17			100,000	0.29

10	Southern India Depository Ser P Ltd. #	20,000	0.29	01.04.16			20,000	0.29
				20.01.17	80000	Split	100,000	0.29
		100,000	0.29	31.03.17			100,000	0.29
11	BHANSHALI STOCK BROKERS PRIVATE LIMITED *	77,217	1.13	01.04.16			77,217	
				19.08.16	-42,267	Sold	34,950	0.51
				09.09.16	-1481	Sold	33,469	0.49
				16.09.16	-4471	Sold	28,998	0.42
				23.09.16	-28998	Sold	0	0
		0	0	31.03.17			0	0
12	Seetha Kumari *	44,015	0.64	01.04.16			44,015	0.64
				29.04.16	-515	Sold	43,500	0.64
				06.05.16	-15	Sold	43,485	0.64
				20.05.16	-15,529	Sold	27,956	0.41
				05.08.16	-27,956	Sold	0	0
		0	0	31.03.17			0	0
13	Angel Fincap Private Limited *	29,099	0.43	01.04.16			29,099	0.43
				08.04.16	421	Purchase	29,520	0.43
				15.04.16	273	Purchase	29,793	0.44
				22.04.16	16	Purchase	29,809	0.44
				29.04.16	15	Purchase	29,824	0.44
				06.05.16	14	Purchase	29,838	0.44
				20.05.16	484	Purchase	30,322	0.44
				27.05.16	2955	Purchase	33,277	0.49
				03.06.16	1434	Purchase	34,711	0.51
				10.06.16	129	Purchase	34,840	0.51
				17.06.16	62	Purchase	34,902	0.51
				24.06.16	155	Purchase	35,057	0.51
				08.07.16	493	Purchase	35,550	0.52
				15.07.16	256	Purchase	35,806	0.52
				22.07.16	40	Purchase	35,846	0.52
				29.07.16	41	Purchase	35,887	0.52
				05.08.16	116	Purchase	36,003	0.53
				12.08.16	-4375	Sold	31,628	0.46
				19.08.16	-3479	Sold	28,149	0.41
				26.08.16	-2000	Sold	26,149	0.38
				09.09.16	-26149	Sold	0	0
		31.03.17			0	0		

Notes:

- 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.
- * Top 10 Shareholders only as on 31st March, 2016, # Top 10 Shareholders only as on 31st March, 2017, '@' Common Top 10 shareholders as on 31st March, 2016 and 31st March, 2017.

(v) Shareholding of Directors & Key Managerial Personnel:

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
1.	Manohar Lal Aggarwal					
	At the beginning of the year 1 st April, 2016	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)	Date	Increase (Decrease) in Shareholding	Reason	3855080	11.26
		20.01.17	3084064	Split		
	At the end of the year 31 st March, 2017	3855080		11.26	3855080	11.26
2.	Anil Aggarwal					
	At the beginning of the year 1 st April, 2016	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)	Date	Increase (Decrease) in Shareholding	Reason	7840640	22.91
		20.01.17	6272512	Split		
	At the end of the year 31 st March, 2017 *	7840640		22.91	7840640	22.91
3.	Atul Aggarwal					
	At the beginning of the year 1 st April, 2016	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)	Date	Increase (Decrease) in Shareholding	Reason	8648455	25.27
		20.01.17	6918764	Split		
	At the end of the year 31 st March, 2017 *	8648455		25.27	8648455	25.27

4.	Dr. Triloki Nath Kapoor			
	At the beginning of the year 1 st April, 2016	-	-	-
	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 31 st March, 2017	-	-	-
5.	Shri Chotu Ram Sharma			
	At the beginning of the year 1 st April, 2016	-	-	-
	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 31 st March, 2017	-	-	-
6.	Ms. Malini Sud			
	At the beginning of the year 1 st April, 2016	-	-	-
	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 31 st March, 2017	-	-	-
7.	Ms. Vaishali Singh (Company Secretary)			
	At the beginning of the year 1 st April, 2016	-	-	-
	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 31 st March, 2017	-	-	-

* Shares sub-divided One Equity Shares of Rs. 10/- to Five Equity Shares of Rs. 2/- on 11th January, 2017

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
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
Total (i+ii+iii)	692755160	0	0	692755160
Change in Indebtedness during the financial year				
Additions	153618926	0	0	153618926
Reduction	442837354	0	0	442837354
Net Change	(289218428)	0	0	(289218428)
Indebtedness at the end of the financial year				
i) Principal Amount	402239097	0	0	402239097
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1197696	0	0	1197696
Total (i+ii+iii)	403436793	0	0	403436793

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	Gross salary					
	(a)	Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	114.19	120.40	108.34	342.93
	(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	2.64	2.97	4.37	9.98
	(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option		-	-	-	-
3	Sweat Equity		-	-	-	-
4	Commission		57.00	57.00	57.00	171.00
	as % of profit					
	others (specify)					
5	Others, please specify		-	-	-	-
	Total (A)		173.83	180.37	169.71	523.91
	Ceiling as per the Act		173.83	180.37	169.71	523.91

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	Independent Directors				
	(a) Fee for attending board/committee meetings	3.75	4.00	2.25	10.00
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	Total (1)	3.75	4.00	2.25	10.00
2	Other Non Executive Directors				
	(a) Fee for attending board committee meetings	-	-	-	-
	(b) Commission	-	-	-	-
	(c) Others, please specify.	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	3.75	4.00	2.25	10.00
	Total Managerial Remuneration (A)+(B)				523.91
	Overall Ceiling as per the Act.				

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	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	14.80	108.34	123.14
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	4.37	4.37
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	57.00	57.00
	as % of profit			
	others, specify			
5	Others, please specify			
	Total	14.80	169.71*	184.51

* Mr. Atul Aggarwal, Whole Time Director and CFO of the Company is receiving total salary of ₹169.71 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)
A. COMPANY					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
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 2016-17.

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	31 st 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	2 nd 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	2 nd 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.
e)	Date of approval by the Board	8 th February, 2016
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.
e)	Date of approval by the Board	8 th February, 2016
f)	Amount paid as advances, if any	N.A.

f.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Sterling Technologies Private Limited
b)	Nature of contracts / arrangements / transaction	Lease Agreement
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 has taken on lease the 6000 Sq. Ft. area situated at 12/2 Mathura Road, Faridabad.
e)	Date of approval by the Board	5 th November, 2016
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: 31st August, 2017
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. 32.42 Crores

4. Prescribed CSR Expenditure(two per cent of the amount as in item 3 above): Rs. 64,83,379/-

5. Details of CSR spent during the financial year: Rs. 62,80,176/-

a. Total amount to be spent for the financial year: Rs. 64,83,379/-

b. Amount unspent : Rs. 2,03,203/-

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.

Based on the calculation as provided in the provisions of Section 198 read with Section 135 of Companies Act, 2013, our Company was required to incur Rs. 64,83,379/- on Corporate Social Responsibility activities against which, the Company had actually incurred Rs. 65,80,176/- during Financial Year 2016-2017 but Rs.3 lacs given to M/s Rajgopal Foundation got disallowed on account of not having an established track record of 3 years.

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	29,00,000/-	28,83,650/-	28,83,650/-	Through NGOs: a) Rs. 2,00,000/- through "Khushii", New Delhi. b) Rs. 4,00,000/- though "Manav Sehyog Society" c) Rs. 5,00,000/- through M. R. Education Trust, Faridabad d) Rs. 2,50,000/- through Prayas, Faridabad e) Rs. 1,50,000/- through Pragati, Gurgaon f) Rs. 3,33,650/- through District Council For Children, Prithla g) Rs. 1,00,000/- through Mera Gaon Mera Desh, Gurugram(Haryana). h) Rs. 5,50,000/- through Smarpan, New Delhi. i) Rs. 4,00,000 through Delhi Society for Special Children, New Delhi
2.	For promotion of Sports/rural sports	Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports	Pan India	5,00,000	5,00,000	5,00,000	Rs. 5 lacs paid to Golf Foundation, New Delhi.

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	21,50,000/-	19,46,526/-	19,46,526/-	Through NGOs: a) Rs. 6,55,526/- to Prayas, Faridabad For homeopathic dispensary as well as for Allopathic Dispensary b) Rs. 5,00,000/- to Shroff Charitable Eye Centre, Delhi c) Rs. 2,00,000/- to "Delhi Public Charitable Society" d) Rs. 3,51,000/- to Dainik Prathana Sabha, Batala. e) Rs. 40,000/- to HCRA f) Rs. 2,00,000/- to Brest 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	9,00,000	900000	9,00,000	Through NGOs: a) Rs. 4,00,000/- to "Welfare Home for Children" b) Rs. 5,00,000/- to "Saint Hardyal Educational and Orphans Welfare Society"
5		Payment to Sterling Tools Foundation (Regd.)	Delhi, NCR	50,000	50,000	50,000	Rs. 50,000 to Sterling Tools Foundation (Regd.)
Total				65,00,000/-	62,80,176/-	62,80,176/-	

Note: Based on the calculation as provided in the provisions of Section 198 read with Section 135 of Companies Act, 2013, our Company was required to incur Rs. 64,83,379/- on Corporate Social Responsibility activities against which, the Company had actually incurred Rs. 65,80,176/- during Financial Year 2016-2017 but Rs. 3 lacs given to M/s Rajgopal Foundation got disallowed on account of not having an established track record of 3 years.

Anil Aggarwal
CEO & Managing Director/Chairman of CSR Committee

Annexure – VI to Directors’ 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	993
Sh. Anil Aggarwal	Managing Director	1031
Sh. Atul Aggarwal	Whole Time Director	970

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	16.40
Sh. Anil Aggarwal, CEO & MD	28.77
Sh. Atul Aggarwal, CFO	24.20
Ms. Vaishali Singh, Company Secretary	13.67

- 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: 588**
- 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. **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

- g. **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**
- 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	<ul style="list-style-type: none"> a) Room Temperature cleaner, Bio Chemical introduced thereby the bath temperature reduced from 65 degree to room temperature b) High Temperature and low temperature pipelines insulated to reduce heat loss c) AC replaced with FCU system which consumes less energy d) Electric heating system replaced with Hot water heating system e) The air compressor pipeline changed and the air receiver location optimised. Air leakage prevention is the focus area for the organisation f) STL got award from ACMA for innovative projects in Resource Efficiency and Co2 reduction. g) Specific Co2 generation reduced by 8 % h) Small Kaizens carried out in each section to conserve energy
2.	The steps taken by the company for utilising alternate sources of energy	The Company has installed a 500 Kwp Roof Top Solar PV plant. It was commissioned in June 2016
3.	The capital investment on energy conservation equipments	<p>The capital investment done in</p> <ul style="list-style-type: none"> 1. Solar PV Plant 2. Inefficient Transformer changed with Energy Efficient Transformer 3. Heat Pump installed to replace inefficient heating system 4. Old Motors are being replaced with Energy efficient IE3 motor. 5. New equipment purchased with Energy efficient motor (IE3) 6. Halogen lamps changed across the company with energy efficient LED lamp.

(B) Technology absorption-

1.	the efforts made towards technology absorption	<p>In 2015-16 we had upgraded our Surface Treatment facilities. In 2016-17 we consolidated our technological understanding of the surface treatment process.</p> <p>In STL we had installed Scanning Electron Microscope in Technical Centre. It will be used to analyse customer concerns. It will also be used for deep analysis of the process concerns and solve chronic issues.</p>
2.	the benefits derived like product improvement, cost reduction, product development or import substitution	Benefits of the Scanning Electron Microscope is used for better understanding of the product. In 2016-17 the equipment was used to analyses customer concerns and helped to meet the customer expectation.
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. 265,413,928.00
2.	the Foreign Exchange outgo during the year in terms of actual outflows.	Rs. 11,491,250.00

Annexure - VIII to Board's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

[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,
(CIN:L29222DL1979PLC009668)
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 (CIN: L29222DL1979PLC009668) (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, 2017 (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, 2017, 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;
- (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 sub-divided its share capital of 1 Equity Share of Rs. 10/- each into 5 Equity Shares of Rs. 2/- each through of Postal ballot and accordingly amended the capital clause of the memorandum of Association of the Company.

Date:12/08/2017
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.

Annexure-A

**To
The Members
Sterling Tools Limited
(CIN:L29222DL1979PLC009668)
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:12/08/2017
Place: Ghaziabad**

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

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

Corporate Governance Report for the year 2016-2017

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 2017, 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 2016-2017, the Board met 4 times—on 20th May, 2016, 8th August, 2016, 5th November, 2016 and 11th February, 2017.

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	4	Yes
Shri Anil Aggarwal	4	Yes
Shri Atul Aggarwal	4	Yes
Dr. T. N. Kapoor	4	No
Shri C. R. Sharma	4	Yes
Ms. Malini Sud	3	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 31.03.2017 are given as under:

Name of the Director	No. of Equity Shares (Face Value Rs. 2/-)	% of Holding
Shri Manohar Lal Aggarwal	3855080	11.26
Shri Anil Aggarwal	7840640	22.91
Shri Atul Aggarwal	8648455	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 2016-17 on 26th December, 2016 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).

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 2016-2017, the Audit Committee met 4 times – on 20th May, 2016, 8th August, 2016, 5th November, 2016 and 11th February, 2017. The attendance of each Member of the Committee is given below:

Name of Directors	No. of Meetings attended
Shri. C. R. Sharma	4
Shri. T. N. Kapoor	4
Shri. Anil Aggarwal	4
Ms. Malini Sud	3

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 readwith 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 2016-2017, the Committee met two times-on 20th May, 2016 and 26th December, 2016 to finalise methodology for evaluation of directors. The attendance of each Member of the Committee is given below:

Name of Directors	No. of Meetings attended
Shri. C. R. Sharma	2
Shri. T. N. Kapoor	2
Ms. Malini Sud	2
Shri M.L. Aggarwal	2

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 2016-2017 are given below:

(Amount in Rs.)

Name of the Director	Salary and other Allowances	Commission	Perquisites	Total
Shri. M. L. Aggarwal	11419200.00	5700000.00	263600.00	17382800.00
Shri Anil Aggarwal	12039560.00	5700000.00	297189.00	18036749.00
Shri Atul Aggarwal	10833600.00	5700000.00	436658.00	16970258.00

- 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 2016-2017, 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	100000	100000	100000	50000	0	0	0
Shri C. R. Sharma	100000	100000	100000	50000	25000	0	0
Ms. Malini Sud	75000	75000	0	50000	0	0	0
TOTAL	275000	275000	200000	150000	25000	0	0

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 2016-2017, 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 2016-2017 the Committee met 4 times-on 20th May, 2016, 8th August, 2016, 5th November, 2016 and 11th February, 2017 to review the grievances / complaints received from Shareholders.

1.	Number of shareholder's complaints received during the financial year 2016-2017	NIL
2.	Number of shareholder's complaints solved to the satisfaction of shareholders.	NIL
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: csec@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 2016-2017 the committee met 12 (Twelve) 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.stfasteners.com/new/news.asp.

Meetings of Corporate Social Responsibility Committee

During the Financial Year 2016-2017, the Committee met once on 11th February, 2017. The attendance of each Member of the Committee is given below:

Name of Directors	No. of Meetings attended
Shri. C. R. Sharma	1
Shri. Anil Aggarwal	1
Shri Atul Aggarwal	1

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
2015-2016	29.09.2016	04:00 P.M.	Lakshmiapat Singhanian Auditorium, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	Approving remuneration of cost auditors.
2014-2015	29.09.2015	04:00 P.M.	Lakshmiapat Singhanian 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,
2013-2014	02.09.2014	09:30 A.M.	Lakshmiapat Singhanian 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.

4.2 Special Resolutions passed at the last 3 AGMs:

Date	Time	Special Resolution
29.09.2016	04:00 P.M.	-NONE-
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

4.3 Special Resolution passed through Postal Ballot in last year:

During the year the Company had passed two special resolutions through Postal ballot i.e. for:

- (a) Sub-division of 1 (one) Equity Share of face value of Rs. 10/- each into 5 (Five) Equity Shares of Rs. 2/- each.

(b) Alteration of capital clause of Memorandum of Association

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 20th December, 2016. 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
Sub-division of 1 (one) Equity Share of face value of Rs. 10/- each into 5 (Five) Equity Shares of Rs. 2/- each.	76	4814642	1495
Alteration of capital clause of Memorandum of Association	75	4814640	1496

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 28th September, 2017.

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) 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.

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, 28th September, 2017
Time : 11:00 A.M.
Venue : **The Little Theatre Group (LTG) Auditorium**
Copernicus Marg, New Delhi-110001
- (ii) **Financial Calendar** : 2017-2018, (1st April 2017 to 31st March 2018)
Financial Year : 1st April to 31st March
- (iii) **Dividend Announcement** : The Board of Directors of Sterling Tools Limited has recommended an interim dividend for the financial year 2016-2017 of Rs. 5 per equity share (50%) in their meeting held on 8th August, 2016 and Rs. 1 per equity share (50%) in their meeting held on 11th February, 2017 which have already been paid. Further, the Board of Directors in their meeting held on 26th May 2017 declared the Interim dividend already paid as final dividend for the Financial year 2016-2017. Dividend paid in the previous year was Rs. 15 per equity share (150%).
- (iv) **Dates of Book Closure** : The Register of Members and Share Transfer Books of the company will remain closed from Saturday, 23rd September, 2017 to Thursday, 28th September, 2017 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 8th August, 2016 and 11th February, 2017 have already been paid on 22nd August, 2016 and 22nd February, 2017 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 17th August, 2016 and 18th February, 2017 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 17th August, 2016 and 18th February, 2017 respectively.
- (vi) **Listing on Stock Exchange** :
Shares of Sterling Tools Limited are listed on the following stock exchange:
1. Bombay Stock Exchange : 1st Floor, Phiroze Jeejeebhoy Towers
Limited, Mumbai (BSE) 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

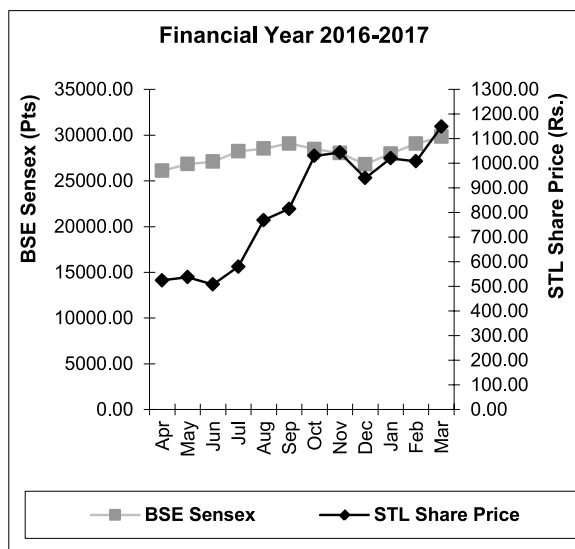
- (vii) **Company's ISIN No.** : **INE334A01023**
 1. BSE, Mumbai : 530759
 2. NSE, Mumbai : STERTOOLS

Listing fees as applicable have been paid.

(viii) **Market Share price data on BSE during the financial year 2016-2017**

Month	High	Low
April 2016	525.00	440.00
May 2016	537.50	435.30
June 2016	508.00	431.00
July 2016	580.00	471.00
August 2016	769.00	530.00
September 2016	815.00	701.00
October 2016	1030.00	730.00
November 2016	1044.00	810.00
December 2016	940.00	853.00
January 2017	1020.00	851.00
February 2017	1008.00	850.00
March 2017	1148.50	978.50

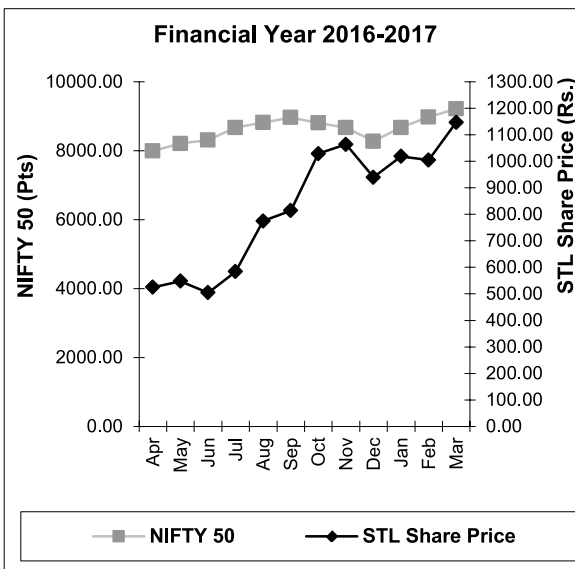
Stock Price Performance-STL Vs BSE Sensex Financial Year 2016-2017



(ix) **Market Share price data on NSE during the financial year 2016-2017**

Month	High	Low
April 2015	525.00	442.00
May 2015	548.00	435.30
June 2015	504.40	432.00
July 2015	584.00	471.10
August 2015	775.00	520.00
September 2015	813.90	661.10
October 2015	1028.80	667.10
November 2015	1063.85	792.35
December 2015	940.00	851.20
January 2016	1019.00	872.50
February 2016	1005.00	866.00
March 2016	1147.25	980.00

Stock Price Performance-STL Vs NIFTY 50 Financial Year 2016-2017



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, 2017

Nominal Value of each shares – Rs. 2/-

Number of Share Holders	% To Total	Share Holding of Nominal Value of Rs.	No. of shares	Amount in Rs.	% To Total
6531	82.068	1 TO 5000	884932	1769864	2.586
670	8.419	5001 TO 10000	573947	1147894	1.677
333	4.184	10001 TO 20000	526141	1052282	1.537
141	1.772	20001 TO 30000	370882	741764	1.084
59	0.741	30001 TO 40000	212728	425456	0.622
67	0.842	40001 TO 50000	323002	646004	0.944
71	0.892	50001 TO 100000	525373	1050746	1.535
86	1.081	100001 AND ABOVE	30805995	61611990	90.015
7958	100.000	TOTAL	34223000	68446000	100.000

(xiii) Shareholding Pattern:

	As on 31 st March 2017*		As on 31 st March 2016**	
	No. of shares	% to total Capital	No. of shares	% to total Capital
Promoters	24006175	70.15	4801235	70.15
Mutual Funds	157312	0.46	27822	0.41
NRIs and OCBs	194015	0.57	19580	0.29
Body Corporate	331809	0.97	107512	1.57
Indian Public	9533689	27.85	1888451	27.58
Total	34223000	100.00	6844600	100.00

* Face value of Rs. 2/- . ** Face value of Rs. 10/-

- xiv) Dematerialisation of Shares** : The Shares of the Company are in Compulsory Demat segment as on 31st March, 2017.

The summarised position of shareholders in Physical and Demat segment as on 31st March, 2017 is as under:

Type of shareholding	No. of shareholders	Physical Shares	Demat Shares
Equity	7958	307640	33915360
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, 2017, 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, Ballabhgarh, 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

Mr. Pradeep Dinodia has signed the audit report for 2016-17 on behalf of M/s S.R. Dindia & Co. LLP, the existing Auditors 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 has one wholly owned subsidiary i.e. M/s Haryana Ispat Private Limited.

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, 2017. 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 31-03-2017 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 31-03-2017.

Date: 23.08.2017
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 2017, 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: 31.08.2017

Management Discussion and Analysis Report

OVERVIEW

India is the fastest-growing G20 economy. As per government estimates reported by Ministry of Statistics & Programme Implementation, the Indian Economy grew at an estimated rate of 7.1% in FY 2016-17 as compared to 7.9% growth rate in previous financial year. India GDP growth rate slowed to 6.1% in the fourth quarter of 2016-17 from 7% in the preceding quarter, mirroring impact of demonetisation on key sectors but said impact was a temporary blip. However, incremental data in April shows that growth impulse is improving and economic activity is picking up on the ground.

According to the IMF, India's growth is expected to rebound to 7.2% in the 2017-18 fiscal and 7.7% in 2018-19. The acceleration of structural reforms, the move towards a rule based policy framework and low commodity prices have provided a strong growth impetus. Recent deregulation measures and efforts to improve the ease of doing business have boosted foreign investment. A comprehensive tax reform would promote inclusive growth. The effective implementation of GST would support competitiveness, investment and economic growth. GST will reduce the cascading effect of tax; it will boost India's competitiveness, investment and job creation. The Government's plans to reduce the corporate income tax rate and broaden the tax base will serve the same objectives. Coupled with the expectation of a good monsoon and high farm output may provide a boost to the Indian economy.

INDUSTRY STRUCTURE & DEVELOPMENTS

Sterling Tools limited is engaged in manufacturing of high tensile cold forged fasteners with presence among all the Auto Segments- Passenger Vehicle(PV), Commercial Vehicle(CV), Two Wheelers, Farm Equipment and Off-Roadways. Thus the performance of Company is primarily associated with the growth of automobile sector.

The Indian Automobile Industry is the Seventh largest Industry in the World. As one of India's major sectors, the auto industry accounts for 49 percent of the country's manufacturing(GDP). Auto-Sector grew steadily over last eight years as sales driven with improved economic growth, robust demand from rural and semi-urban markets and lower cost of ownership bringing in a much needed recovery for the Industry.

As per **Society of Indian Automobile Manufacturers (SIAM)**, 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 Automobile Industry overview as per SIAM is reproduced below:

Production

The industry produced a total 25,316,044 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in April-March 2017 as against 24,016,599 in April-March 2016, registering a growth of 5.41 percent over the same period last year.

Domestic Sales

The sales of Passenger Vehicles grew by 9.23 percent in April-March 2017 over the same period last year. Within the Passenger Vehicles, Passenger Cars, Utility Vehicles and Vans grew by 3.85 percent, 29.91 percent and 2.37 percent respectively during April-March 2017 over the same period last year.

The overall Commercial Vehicles segment registered a growth of 4.16 percent in April-March 2017 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 0.04 percent and Light Commercial Vehicles grew by 7.41 percent during April-March 2017 over the same period last year.

Three Wheelers sales declined by (-) 4.93 percent in April-March 2017 over the same period last year. Passenger Carrier sales declined by (-) 8.83 percent and Goods Carrier sales grew by 12.75 percent in April-March 2017 over April-March 2016.

Two Wheelers sales registered a growth at 6.89 percent during April-March 2017 over April-March 2016. Within the Two Wheelers segment, Scooters, Motorcycles and Mopeds grew by 11.39 percent, 3.68 percent and 23.02 percent respectively in April-March 2017 over April-March 2016.

Exports

In April-March 2017, overall automobile exports declined by (-) 4.50 percent. While Passenger Vehicles and Commercial Vehicles exports registered a growth of 16.20 percent and 4.99 percent respectively, exports of Three Wheelers and Two Wheelers declined by (-) 32.77 percent and (-) 5.78 percent respectively in April-March 2017 over April-March 2016.

Automobile Production Trends

Category	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Passenger Vehicles	31,46,069	32,31,058	30,87,973	32,21,419	34,65,045	37,91,540
Commercial Vehicles	9,29,136	8,32,649	6,99,035	6,98,298	7,86,692	8,10,286
Three Wheelers	8,79,289	8,39,748	8,30,108	9,49,019	9,34,104	7,83,149
Two Wheelers	1,54,27,532	1,57,44,156	1,68,83,049	1,84,89,311	1,88,30,227	1,99,29,485
Grand Total	2,03,82,026	2,06,47,611	2,15,00,165	2,33,58,047	2,40,16,068	2,53,14,460

Automobile Domestic Sales Trends

Category	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Passenger Vehicles	26,29,839	26,65,015	25,03,509	26,01,236	27,89,208	30,46,727
Commercial Vehicles	8,09,499	7,93,211	6,32,851	6,14,948	6,85,704	7,14,232
Three Wheelers	5,13,281	5,38,290	4,80,085	5,32,626	5,38,208	5,11,658
Two Wheelers	1,34,09,150	1,37,97,185	1,48,06,778	1,59,75,561	1,64,55,851	1,75,89,511
Grand Total	1,73,61,769	1,77,93,701	1,84,23,223	1,97,24,371	2,04,68,971	2,18,62,128

Automobile Export Sales Trends

Category	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Passenger Vehicles	5,08,783	5,59,414	5,96,142	6,21,341	6,53,053	7,58,830
Commercial Vehicles	92,258	80,027	77,050	86,939	1,03,124	1,08,271
Three Wheelers	3,61,753	3,03,088	3,53,392	4,07,600	4,04,441	2,71,894
Two Wheelers	19,75,111	19,56,378	20,84,000	24,57,466	24,82,876	23,39,273
Grand Total	29,37,905	28,98,907	31,10,584	35,73,346	36,43,494	34,78,268

(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:

GROWTH DRIVERS FOR AUTOMOBILE INDUSTRY

Favourable policies of Government:

- Automatic approval of foreign equity in the Sector.
- Encourage rebates on auto Companies' R&D Expenditure.
- National Automotive Testing and R&D Infrastructure Project started to implement global performance standards. This initiative offers support to small car manufacturers with reduction of excise duty.

Increase in Demand due to:

- Rising per Capita Income and Rural Income.
- Attractive Interest Rates and easy financing by Banks.
- Fuel prices expected to remain range bound.
- High demand for commercial vehicles due to increased road construction in urban and rural areas.

Good infrastructure:

The Government has increased its spending in infrastructure in India.

GROWTH DRIVERS FOR AUTO COMPONENT INDUSTRY

Low Cost of operations:

India is emerging as a global hub for Auto Component sourcing because of its low cost manufacturing base, the cost of operations are lower by 10 percent when compared with the operations carried out in Europe and Latin America.

Growth in Exports:

According to the Automotive Component Manufacturers Association of India(ACMA), the Indian Auto Component Industry is expected to register a turnover of USD 100 bn by 2020 backed by strong exports ranging between USD 80-100 bn by 2026 from USD 11.2 bn currently.

Higher Localisation by OEMs:

The Indian Auto Component Industry is expected to grow by 8-10 percent in FY 2017-18 based on higher localisation by OEMs and rising exports from India, as per ICRA Limited

THREATS

Growth rate of Automobile industry:

Growth rate of Automobile Industry is the in the hands of the government due to regulations like excise duty, no entry of outside vehicles in the state, decreasing number of validity of registration period & volatility in the fuel prices. These factors always affect the growth of the industry.

Stiff Competition from China & Taiwan:

The Manufacturers have to face competition from low cost manufacturing countries such as China & Taiwan which shrink the product margins.

Continuous Research & Development:

Less skilled labor and lack of technologies is one of the threat which exists for Indian Automobile Sector. And on the other hand, the Manufacturers have to carry out research & development activities on regular basis to make their products aligned with the changed needs of Customers.

Increased congestion in Urban Areas:

Increased congestion in urban areas is one of the main reason which creates hindrance in growth of Automobile Sector.

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

The Company is optimistic about medium and long term and is gearing up for growth through various initiatives:

New Product Developments: The Company is actively exploring all new business opportunities in terms of new product development, through continuous Research & Development activities undertaken in-house, to cater all type of product requirements of OEMs. 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.

New Business Tie-ups: The Company has signed a Business Collaboration Agreement with Meidoh Co. Ltd., Japan to upgrade its existing processes and systems. This Collaboration is aimed to capture the new business as well as to expand the existing business with Japanese Customers in India such as Suzuki, Honda, Nissan and Toyota.

Capacity Expansion: Presently the Company has three manufacturing facilities in Haryana. The Management is planning to open a fourth facility either in Gujarat or in south vicinity to expand its operations and to cater the customers more effectively.

Focus on International Markets: Presently the exports are 10% of the Gross Turnover of the Company and are limited to European Countries. The Management has a vision to expand exports to North America and other latin countries in years to come.

RISK & CONCERNS

The Company is exposed to external and internal risks associated with the business. Based on evaluation of potential risks, the Company has developed a comprehensive Risk Management Policy. This policy takes into account the business risk such as Downturn in economy, Change in Government Policies and legislation, Economy' Growth, stiff competition from both domestic and overseas, Cost Inflation in manufacturing input costs and the Financial Risks such as Risks associated with fluctuations in foreign currency rates and 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:

The Company has adequate internal control procedures commensurate with the size and nature of its business. During the financial year 2016-17, M/s Grant Thornton India LLP carried out internal Audits and the internal audit reports prepared by them were placed before the Audit Committee.

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. 7374.76 Lacs for the year 2016-2017 increased by 32.84% as compared Rs. 6188.80 Lacs for the year 2015-2016.
- Operating margin was 19.72% for the year 2016-2017 as against 16.75% for the year 2015-2016.
- Other income was Rs. 264.54 Lacs for the year 2016-2017 increased by 60.71% as against Rs. 164.60 Lacs for the year 2015-2016.
- Interest expenses were Rs. 507.54 Lacs for the year 2016-2017 as against Rs. 561.76 Lacs for the year 2015-2016.
- Corporate tax liability including Deferred, Fringe Benefit and Wealth Tax Liability for the year was Rs.2103.50 Lacs for the year 2016-2017 as against Rs. 1504.63 Lacs for the year 2015-2016.
- Net profit was Rs. 3885.68 Lacs for the year 2016-2017 increased by 36.75% as against Rs. 2841.53 Lacs for the year 2015-2016.
- Paid up equity share capital as on March 31, 2017 stood at Rs. 684.46 Lacs.
- Earnings Per share (EPS) was Rs. 11.35 for the year 2016-2017 as against Rs. 11.35 for the year 2015-2016.
- Cash Earnings Per share (CEPS) was Rs. 15.83 for the year 2016-2017 as against Rs. 12.22 for the year 2015-2016.

- STL has contributed a foreign exchange to the tune of Rs. 2654.14 Lacs for the year 2016-2017 as against Rs. 3334.73 Lacs for the year 2015-2016.

HUMAN RESOURCES:

Your Company believes that its employees are its biggest strength. The Company continues its focus on retention through employee engagement initiatives and provides a holistic environment where employees get opportunities to realize their potential. The Company arranges training sessions for its employees to empower and upgrade them to achieve business motives and help them build their career.

The Company also takes utmost care about the safety of its employees and provides them with the best working environment.

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.

As on 31st March, 2017, 588 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 standalone financial statements of **Sterling Tools Limited ("the Company")**, which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the 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, 2017, its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 A**”.
 - (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 has disclosed the impact of pending litigations on its financial position in its financial statements- Refer *Note No. 8 “Contingent Liabilities & Commitments” to 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank during the period from 8th November 2016 to 30th December 2016; and such disclosures are in accordance with the books of account maintained by the Company.-Refer *Note No 32 to the financial statements.*
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Place of Signature: Faridabad
Date: 26 May, 2017

(Pradeep Dinodia)
Partner
Membership No. 080617

Annexure 'A' 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, 2017 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, 2017, 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: 26 May, 2017**

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

Annexure 'B' 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, 2017; 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 and short term borrowings 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) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of making investments as applicable. However no loans, guarantees & securities have been granted by the Company to the Companies, firms or other parties covered under section 185 and 186 of the Act.
- v) The Company has not accepted any deposits from the public. Accordingly, the provisions of paragraph 3(v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- 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) In respect to statutory dues:

- 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 material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other material statutory dues in arrears as at March 31, 2017 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 which have not been deposited on account of any dispute except the following, which have not been deposited on account of 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
2.	Central Excise Act, 1944	Interest on Excise Duty & penalty referred in point 1(a) & (b) above	4,283,637	February 2010 -January 2011	Since excise duty and penalty referred in point1(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.	Income Tax Act, 1961	Demand under the Income Tax Act, 1961	61,830	A.Y. 2013-14	Jurisdictional Assessing Officer (Income Tax Department)
5.	Income Tax Act, 1961	Demand under the Income Tax Act, 1961	94,250	A.Y. 2014-15	Jurisdictional Assessing Officer (Income Tax Department)

- viii) On the basis of information and explanation provided to us, the Company has not defaulted in repayment of loans and borrowings to financial institution and bank. The Company has not taken any loan from Government or has not issued any debentures.
- 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 year.

- xi) The Company has paid/provided managerial remuneration 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 and 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 sections 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 and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- 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:26 May, 2017

(Pradeep Dinodia)
Partner
Membership No. 080617

Balance Sheet as at 31st March, 2017

(Currency : ₹ except otherwise specified)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	3	68,446,000	68,446,000
(b) Reserves and surplus	4	1,571,421,029	1,265,233,210
		1,639,867,029	1,333,679,210
(2) Non-current liabilities			
(a) Long-term borrowings	5	252,869,813	230,952,111
(b) Deferred tax liabilities (Net)	6	155,955,821	146,577,040
(c) Other Long term liabilities	7	5,217,544	3,694,823
(d) Long-term provisions	8	10,833,558	5,688,379
		424,876,736	386,912,353
(3) Current Liabilities			
(a) Short-Term Borrowings	9	27,208,205	315,736,374
(b) Trade Payables	10		
-Total outstanding dues of micro and small enterprises		14,545,533	3,460,723
-Total outstanding dues of creditors other than micro and small enterprises		271,103,312	262,251,972
(c) Other Current Liabilities	11	183,726,712	188,358,463
(d) Short-Term Provisions	8	30,387,058	7,204,847
		526,970,820	777,012,378
TOTAL		2,591,714,585	2,497,603,941
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	12		
(i) Tangible Assets		1,430,615,702	1,381,757,001
(ii) Intangible Assets		824,966	1,268,910
(iii) Capital Work-in-progress		-	10,630,662
(b) Non-current investments	13	178,675,000	58,825,000
(c) Long-term loans and advances	14	27,370,449	34,651,273
(d) Other Non current assets	16.2	50,933	-
		1,637,537,050	1,487,132,846
(2) Current assets			
(a) Inventories	15	459,377,436	410,930,304
(b) Trade receivables	16.1	342,260,971	360,642,630
(c) Cash and other Bank Balances	17	28,131,776	114,574,658
(d) Short-term loans and advances	14	115,352,078	114,734,919
(e) Other current assets	16.2	9,055,274	9,588,585
		954,177,535	1,010,471,095
TOTAL		2,591,714,585	2,497,603,941
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
Firm Registration Number 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: 26 May, 2017

(Atul Aggarwal)
Chief Financial Officer
PAN: AAUPA6243R

(Vaishali Singh)
Company Secretary
PAN: AVIPS7863A

Statement of Profit & Loss for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
Incomes			
I Revenue from Operations (Net)	18	3,739,222,758	3,693,746,673
II Other Income	19	26,454,021	16,460,490
III Total Income		3,765,676,779	3,710,207,162
Expenses			
(a) Cost Of Raw Material Consumed	20	1,377,612,325	1,426,157,139
(b) Changes In Inventories In Finished Goods, Work-In-Progress And Stock In Trade	21	(39,042,177)	8,357,666
(c) Employee Benefits Expense	22	350,956,169	320,861,754
(d) Finance Cost	23	55,429,980	62,836,756
(e) Depreciation And Amortization Expense	12	153,344,204	134,058,384
(f) Other Expenses	24	1,312,220,092	1,319,489,695
IV Total Expenses		3,210,520,594	3,271,761,395
V Profit before exceptional and extraordinary items and tax (III-IV)		555,156,186	438,445,767
VI Exceptional Items	25	43,761,155	(3,830,059)
VII Profit/(Loss) Before Tax (V-VI)		598,917,340	434,615,708
VIII Tax Expense			
(a) Current Tax		202,015,000	140,353,300
(b) Deferred Tax	6	9,378,781	10,008,064
(c) Tax Adjustment For Earlier Years		(1,044,256)	101,806
IX Profit after tax/Profit for the year		388,567,815	284,152,538
X Earnings Per Equity Share			
(a) Basic	27	11.35	8.30
(b) Diluted		11.35	8.30
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

Firm Registration Number 001478N/N500005

(Pradeep Dinodia)

Partner

M.No. 080617

Place of Signature: Faridabad

Date: 26 May, 2017

(M. L. Aggarwal)

Chairman

DIN No.00027380

(Atul Aggarwal)

Chief Financial Officer

PAN: AAUPA6243R

(Anil Aggarwal)

Managing Director

DIN No.00027214

(Vaishali Singh)

Company Secretary

PAN: AVIPS7863A

Cash Flow Statement for the year ended 31 March, 2017

(Currency : ₹ except otherwise specified)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	598,917,340	434,615,708
Adjustments for :		
Depreciation & Amortisation (Net)	153,344,204	134,058,384
Unrealized Foreign Exchange Gain & Loss	1,253,594	198,604
Interest on Delayed Payment of Advance Taxes	1,610,427	1,760,415
(Profit)/ Loss on Sale of Fixed Assets	(41,268,220)	10,117,511
Finance Cost	50,753,637	56,175,708
Bad Debt Written off	71,490	13,478,504
Provision For Doubtful Trade Receivables	2,729,737	2,492,936
Operation Profit Before Working Capital Changes	767,412,209	652,897,769
Adjustment for :		
(Increase)/ Decrease in Trade Receivables	14,273,007	13,099,183
(Increase)/ Decrease in Other Receivables	(2,360,406)	22,654,717
(Increase)/ Decrease in Inventories	(48,447,133)	5,878,419
(Increase)/ Decrease in Trade Payables	19,989,986	4,577,866
(Increase)/ Decrease in Other Liabilities	14,233,698	1,827,659
(Increase)/ Decrease in Provisions	8,088,410	300,552
	5,777,562	48,338,398
Net Cash Generated From Operations	773,189,771	701,236,167
Direct Taxes Paid	(183,341,838)	(139,715,863)
Net Cash Provided/ (Used) in Operating Activities (A)	589,847,933	561,520,304
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including Capital Work- in Progress & Payment for Capital Advances)	(193,688,573)	(255,799,255)
Maturity of Fixed Deposit	7,007,479	-
Sale of Fixed Assets	59,599,818	8,466,599
Investment in Fixed Deposit	(2,331,721)	(7,607,479)
Investment in Joint Venture Company	(119,850,000)	-
Net Cash Provided/ (Used) in Investing Activities (B)	(248,662,997)	(254,940,135)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Long-Term Borrowings	153,618,926	172,810,065
Dividend Paid Including Dividend Tax	(82,379,996)	(123,569,991)
Repayment of Long-Term Borrowings	(154,309,186)	(127,536,403)
Short Term Borrowings	(288,528,169)	(78,124,888)
Interest Paid	(50,753,637)	(56,175,708)
Net Cash Provided/ (Used) in Financing Activities (C)	(422,352,061)	(212,596,925)
Net (Decrease)/Increase in Cash or Cash Equivalent (A+B+C)	(81,167,125)	93,983,244
Cash & Cash Equivalents at beginning of the Year (Refer Note No.17)	106,967,179	12,983,935
Cash & Cash Equivalents at the end of the Year (Refer Note No.17)	25,800,055	106,967,179
Components of Cash & Cash Equivalents are:		
Balances with Scheduled banks :		
- On Current Accounts	22,079,601	22,701,654
- Deposits Accounts	-	80,000,000
- On Unpaid Dividend Accounts	2,909,625	2,740,840
Cash on Hand	810,829	952,685
Demand Draft in Hand	-	572,000
	25,800,055	106,967,179

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
Firm Registration Number 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: 26 May, 2017

(Atul Aggarwal)
 Chief Financial Officer
 PAN: AAUPA6243R

(Vaishali Singh)
 Company Secretary
 PAN: AVIPS7863A

Notes to financial statements for the year ended March 31, 2017

(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 on tangible assets is provided on the straight-line method over the useful lives of assets 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 the last day of the preceding month vis-a-

Notes to financial statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

vis the actual date of sale. Assets costing up to ₹ 5,000 are fully depreciated in the year of acquisition. 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.

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, 2017

(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, 2017

(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. 3079(E) dated September 29, 2016.

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, 2017

(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: 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, 2017

(Currency : ₹ except otherwise specified)

	As at March 31, 2017	As at March 31, 2016
NOTE 3 : SHARE CAPITAL		
Authorised		
50,000,000 (March 31, 2016: 10,000,000 Equity Shares of ₹ 10/- each) Equity Shares of ₹ 2/- each	100,000,000	100,000,000
Issued, Subscribed & Paid-up		
34,223,000 (March 31, 2016: 6,844,600 Equity Shares of ₹ 10/- each) Equity Shares of ₹ 2/- each fully paid up	68,446,000	68,446,000
	68,446,000	68,446,000

(a) Reconciliation Statement of Equity Share Capital

	March 31, 2017		March 31, 2016	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
Balance at the beginning of the year	6,844,600	68,446,000	6,844,600	68,446,000
Add:- Addition during the year				
On subdivision of Equity Shares	27,378,400	-	-	-
Less: Buy back during the year	-	-	-	-
Balance at the end of the year	34,223,000	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 ₹ 2 per share (March 31, 2016: ₹ 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, 2017, the amount of per share interim dividend recognized as distributions to equity shareholders is ₹ 10 (March 31, 2016: ₹ 15).

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, 2017		March 31, 2016	
	No. of shares	Holding %	No. of shares	Holding %
(i) Mr. Manohar Lal Aggarwal, Promoter	3,855,080	11.26%	771,016	11.26%
(ii) Mr. Anil Aggarwal, Promoter	7,840,640	22.91%	1,568,128	22.91%
(iii) Mr. Atul Aggarwal, Promoter	8,648,455	25.27%	1,729,691	25.27%
(iv) Mr. Jagdish Kumar Aggarwal	1,834,610	5.36%	387,449	5.66%

(d) During the year, the Company has subdivided each equity share of face value of ₹ 10 each into 5 (Five) Equity Shares of ₹ 2 each with effect from January 10, 2017 duly approved by the shareholders through Postal Ballot on December 20, 2016.

Notes to financial statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

	As at March 31, 2017	As at March 31, 2016
NOTE 4 : RESERVE AND SURPLUS		
Capital Reserve		
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	664,750	664,750
Security Premium Reserve		
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	34,071,500	34,071,500
General Reserve		
Balance at the beginning of the year	239,546,396	211,146,396
Add:- Addition during the year	39,100,000	28,400,000
Less:- Utilised during the year	-	-
Balance at the end of the year	278,646,396	239,546,396
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance at the beginning of the year	990,950,564	858,768,017
Add: Addition during the year		
Balance of Statement of Profit & Loss	388,567,815	284,152,538
Less: Utilised during the year		
Interim Dividend Paid	68,446,000	102,669,000
[Dividend amount per share ₹ 10 (March 31, 2016: ₹15)]		
Dividend Distribution Tax on Interim Dividend Paid	13,933,996	20,900,991
Transfer to General Reserve	39,100,000	28,400,000
Balance at the end of the year	1,258,038,383	990,950,564
Total	1,571,421,029	1,265,233,210

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE 5 : LONG TERM BORROWINGS				
Indian rupee loan from Banks (Secured)				
-Term loans	252,869,813	230,952,111	122,161,079	144,769,040
Total	252,869,813	230,952,111	122,161,079	144,769,040
Less: Amount disclosed under head "Other Current Liabilities" (Refer Note No.11)	-	-	(122,161,079)	(144,769,040)
	252,869,813	230,952,111	-	-

Notes to financial statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

- a) The term loan(s) are secured by equitable mortgage of certain Land & Building situated at Plot No 4, 5A, 52, 53, 54 & 54A DLF Industrial Estate, Phase-I, Delhi- Mathura Road and factory land & building situated at Prithla village, Faridabad & 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:

Maturity profile of Secured Term Loans are as set out below :	2017-18	2018-19	2019-20	Beyond 2020-21
Term loan from Banks are repayable in monthly installments.	122,161,079	90,372,792	84,212,351	78,284,670

*Remaining number of installments are not mentioned in the sanction letter and are as per management best estimation.

	As at March 31, 2017	As at March 31, 2016
NOTE 6 : DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability		
Fixed Assets: Impact of Difference Between Depreciation as per Income Tax Act & Depreciation/Amortization as per Companies Act.	163,088,859	156,138,625
Gross Deferred Tax Liability (A)	163,088,859	156,138,625
Deferred Tax Assets		
Impact of Expenditure charged to the Statement of Profit & Loss in the Current Year but allowed for Tax Purposes on Payment Basis	6,154,415	8,067,806
Unrealised Exchange Fluctuation on Capital Goods	-	39,458
Provision of Lease Equalisation	33,916	171,902
Provision of Doubtful Trade Receivables	944,707	862,755
Others	-	419,665
Gross Deferred Tax Assets (B)	7,133,038	9,561,585
Net Deferred Tax Liability (A-B)	155,955,821	146,577,040

	As at March 31, 2017	As at March 31, 2016
NOTE 7 : OTHER LONG TERM LIABILITIES		
Security Deposits	5,217,544	3,694,823
Total	5,217,544	3,694,823

Notes to financial statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE 8 :PROVISIONS				
Provisions for employees benefits				
Provision for Leave Encashment	9,519,246	5,688,379	1,127,618	1,896,126
Provision for Gratuity	1,244,312	-	5,724,936	4,812,010
	(A)	10,763,558	5,688,379	6,852,554
Other Provisions				
Provision for Lease Equalisation	70,000	-	28,000	496,711
Provision for Warranty	-	-	3,267,524	-
Provision for Income Tax	-	-	20,238,980	-
[Net of advance tax of March 31, 2017: ₹ 183,386,447 (March 31, 2016: Nil)]				
		70,000	-	23,534,504
	(B)	70,000	-	23,534,504
Total	(A+B)	10,833,558	5,688,379	30,387,058
				7,204,847

		As at March 31, 2017	As at March 31, 2016
a) Contingent Liabilities and Other Commitments			
i)	Disputed Liability - Central Excise Act (Refer Note 'b' below)	9,316,935	9,316,935
ii)	Interest on disputed liability- Central Excise Act (Refer Note 'c' below)	4,283,637	3,678,036
iii)	Letter of Credit	-	13,493,037
iv)	Bank Guarantee [net of margin of ₹ 50,000 (March Ended 31, 2016: ₹ Nil)]	1,529,282	1,535,902
v)	EPCG- Duty in relation to Export Obligation	360,845,785	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	98,594
vii)	Demand under Income Tax Act, 1961		
	- Assessment Year: 2013-14	61,830	61,830
	- Assessment Year: 2014-15	94,250	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	124,022,468	144,169,643

Notes to financial statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

- b) Excise demand amounting to ₹ 3,990,394 for the period February 2010 to March 2010 and ₹ 5,326,546 for the period November 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. These demand orders are still in the dispute till final adjudication.
- c) Interest amounting to ₹ 4,283,637 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 And Service Tax, Faridabad-I, has dropped the proceedings initiated against the Company for ₹ 22,226,095 as disclosed under point no. (viii) of (a) above, vide order No. 02/16-17/Commr/YG/FBD-I dated 27-04-2016.
- e) 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, 2017	As at March 31, 2016
NOTE 9 : SHORT TERM BORROWINGS		
Loans from Banks (Secured)		
-Working Capital Facilities	27,208,205	217,785,939
- Buyers Credit for Capital Goods	-	97,950,435
Total	27,208,205	315,736,374

- a) The working capital facilities include working capital demand loan, 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 4, 5A, 52, 53, 54 & 54A DLF Industrial Estate, Phase-I, Delhi- Mathura Road and factory land & building situated at Prithla village, Faridabad 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, 2017	As at March 31, 2016
NOTE 10 : TRADE PAYABLES		
Amount due to Micro Small and Medium Enterprise		
-Principal Amount	14,531,786	3,446,913
-Interest Payable on Outstanding Amount	13,747	13,810
Amount due to others	271,103,312	262,251,972
Total	285,648,845	265,712,695

Notes to financial statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

- 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 :

Particulars	As at March 31, 2017	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	14,531,786	3,446,913
- Interest	13,747	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)	13,747	13,810
iii) The amount of Interest accrued and remaining unpaid for the year	13,747	13,810

- 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, 2017.

	As at March 31, 2017	As at March 31, 2016
NOTE 11: OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Borrowings (Refer Note No. 5)	122,161,079	144,769,040
Interest Accrued But Not Due	1,197,696	1,297,635
Advance From Customers	15,302,221	3,973,742
Unclaimed Dividend	2,909,625	2,740,840
Others:		
Statutory Dues Payable	33,473,993	32,160,342
Creditors for Capital Expenditure	8,682,098	3,416,864
Total (Refer Note below)	183,726,712	188,358,463

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, 2017

NOTE 12 : FIXED ASSETS

(Currency : ₹ except otherwise specified)

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK		
	AS AT APRIL 01, 2016	ADDITION during the Year	DELETION	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016	FOR THE YEAR	DELETION	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
A. Tangible Assets									
Land	117,367,636	-	9,518,486	107,849,150	-	-	-	107,849,150	117,367,636
Buildings	301,165,749	-	-	301,165,749	78,313,404	9,362,283	-	87,695,687	222,852,345
Leasehold Improvements (Buildings)	24,134,164	15,836,332	-	39,970,496	13,254,978	908,314	-	14,163,292	10,879,186
Plant and Equipment	1,664,039,077	189,123,515	10,056,871	1,863,105,721	713,939,448	128,897,364	7,237,858	835,598,954	970,099,629
Furniture and Fixtures	11,507,744	983,240	-	12,490,984	5,663,100	1,231,108	-	6,914,208	5,824,644
Vehicles	45,639,624	7,871,187	10,032,560	43,478,251	12,483,117	5,145,834	4,059,002	13,569,949	33,156,507
Office Equipments	17,168,251	3,346,492	107,534	20,427,209	11,515,024	2,399,377	94,771	13,819,630	5,673,227
Electrical Installations & Equipments	43,759,498	731,000	44,490,498	44,490,498	28,751,874	3,783,573	-	32,535,447	15,007,624
Computer System	3,456,203	2,007,681	303,226	5,160,658	2,560,000	961,291	295,444	3,225,847	896,203
Total (A)	2,248,257,946	219,899,447	30,018,677	2,438,138,716	866,500,945	152,709,144	11,687,075	1,007,523,014	1,381,757,001
B. Intangible Assets									
Computer Software	4,254,837	191,116	-	4,445,953	2,985,927	635,060	-	3,620,987	1,268,910
Total (B)	4,254,837	191,116	-	4,445,953	2,985,927	635,060	-	3,620,987	1,268,910
C. Capital Work in Progress									
CWIP	10,630,662	176,457,909	187,088,571	-	-	-	-	-	10,630,662
Total (C)	10,630,662	176,457,909	187,088,571	-	-	-	-	-	10,630,662
Grand Total (A+B+C)	2,263,143,445	396,548,473	217,107,248	2,442,584,670	869,486,872	153,344,204	11,687,075	1,011,144,001	1,393,656,573
March 31, 2016	2,142,746,093	374,847,969	254,450,618	2,263,143,445	837,346,703	134,058,384	101,918,215	869,486,872	1,305,399,390

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

PARTICULARS	As At April 1, 2016	Additions during The Year	Capitalized during The Year	Impaired/ Written off during the year	As At March 31, 2017
	Leasehold Improvements (Buildings)	362,773	15,473,559	15,836,332	-
Plant & Machinery	10,267,889	160,984,350	171,252,239	-	(0)
Total	10,630,662	176,457,909	187,088,571	-	(0)

Notes to financial statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

	As at March 31, 2017	As at March 31, 2016
NOTE 13: NON-CURRENT INVESTMENTS		
Trade Investment (Valued at cost unless stated otherwise)		
Investments in Equity Instruments in Subsidiary- (Unquoted)	119,850,000	-
100,000 Equity Shares (March 31, 2016: Nil) of ₹ 10 each fully paid up in Haryana Ispat Private Limited.		
Non-Trade Investment (Valued at cost unless stated otherwise)		
Investment in Joint Venture Company- (Unquoted) (Refer Note No. 30)	58,825,000	58,825,000
2,405,000 Equity Shares (March 31, 2016: 2,405,000) of ₹ 10 each fully paid up in Sterling Fabory India Private Limited		
	178,675,000	58,825,000

- a) Aggregate Cost of unquoted Investment ₹ 178,675,000 (March 31, 2016: ₹ 58,825,000)
- b) During the year, the Company has acquired 100,000 shares of Haryana Ispat Private Limited on November 15, 2017.

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE 14: LOANS AND ADVANCES				
Capital Advances				
- Secured, Considered Good	-	9,600,104	-	-
- Unsecured, Considered Good	12,799,624	13,705,614	-	-
Security Deposits (Unsecured, considered good)	9,754,181	7,756,640	510,000	125,000
Advances recoverable in cash or in Kind (Unsecured, considered good)	382,133	-	81,735,619	76,215,095
Other Loans and advances (Unsecured considered good)				
- Advance Income Tax	2,037,210	1,037,563	-	-
[Net of provisions of ₹ 141,052,510 (March 31, 2016: ₹ 334,126,018)]				
- Advance to Suppliers	-	-	15,274,731	17,097,547
- Balances with Government Authorities	401,025	282,350	11,643,189	12,826,817
- Advance to Employees	20,000	68,000	1,685,155	1,683,001
- Prepaid Expenses	1,976,276	2,201,001	4,503,384	6,787,461
Total	27,370,449	34,651,273	115,352,078	114,734,919

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) ₹ 13,827,860 (March 31, 2016: ₹ 49,353,507).

Notes to financial statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

	As at March 31, 2017	As at March 31, 2016
NOTE 15: INVENTORIES		
(as taken, valued and certified by the Management)		
Raw Materials	173,217,410	158,039,955
Goods in Transit - Raw Material	122,607	580,830
Work in Process	47,260,441	18,409,463
Finished Goods	213,194,429	202,942,721
Stores, Spares & Consumables	23,270,068	28,137,256
Goods in Transit - Stores, Spares & Consumables	278,748	65,826
Tools & Dies	2,007,913	2,667,924
Scrap	25,820	86,328
Total	459,377,436	410,930,304

Note 16: Trade Receivables & Other Assets

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
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	-	-	23,167,520	8,544,028
- Unsecured, Considered Doubtful	-	-	2,729,737	2,492,936
	-	-	25,897,257	11,036,963
Less: Provision for Doubtful Receivables	-	-	2,729,737	2,492,936
	(A)	-	23,167,520	8,544,028
Other Receivables				
- Unsecured, Considered Good	-	-	319,093,452	352,098,602
	(B)	-	319,093,452	352,098,602
Total (A+B)	-	-	342,260,971	360,642,630

16.2 - OTHER ASSETS

(Unsecured, considered good unless stated otherwise)

Deposit Accounts with original maturity more than 12 months	50,000	-	-	-
Interest Accrued but not due on Deposit Accounts	933	-	150,297	1,438,626
Export Incentive Receivable	-	-	8,280,509	7,523,475
Other Receivable	-	-	624,468	626,484
Total	50,933	-	9,055,274	9,588,585

Notes to financial statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE 17: CASH AND BANK BALANCES				
Cash & Cash Equivalents				
Balances with Scheduled banks :				
- On current accounts	-	-	22,079,601	22,701,654
- Deposits accounts with original maturity less than 3 months	-	-	-	80,000,000
- On unpaid dividend accounts	-	-	2,909,625	2,740,840
Cash on hand	-	-	810,829	952,685
Demand Draft in Hand	-	-	-	572,000
	(A)	-	25,800,055	106,967,179
Other Bank Balances				
Deposit Accounts with original maturity more than 12 months*	50,000	-	2,331,721	7,607,479
Less: Disclosed under Other Non-current assets(Refer Note 16.2)	(50,000)	-	-	-
	(B)	-	2,331,721	7,607,479
Total	(A+B)	-	28,131,776	114,574,658

* Deposit of ₹ 50,000 has been used as margin money against guarantee issued by the bank.

	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 18: REVENUE FROM OPERATIONS		
Sale of Products		
- Finished Goods	4,145,067,142	4,079,554,653
Other Operating Revenues		
- Steel Scrap Sale	26,433,650	35,629,353
- Export Incentives & Margins	11,745,910	14,706,021
	-	-
Revenue From Operations (Gross)	4,183,246,702	4,129,890,027
Less: Excise duty #	444,023,944	436,143,354
Revenue From Operations (Net)	3,739,222,758	3,693,746,673

Excise Duty on sales amounting to ₹ 444,023,944 (March 31, 2016 : ₹ 436,143,354) has been reduced from sales in Statement of Profit & Loss and Excise duty on increase/(decrease) in stock amounting to ₹ 1,850,456 (March 31, 2016 : ₹ 7,175,664) has been considered as (income)/expense in Note No. 24 of the financial statements.

	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Detail of Product sold		
High Tensile Fasteners	4,145,067,142	4,079,554,653
	4,145,067,142	4,079,554,653
b) Earnings in foreign exchange		
Export of goods (FOB)	264,661,515	333,472,671
Tool Development Charges	752,413	-
	265,413,928	333,472,671

Notes to financial statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 19: OTHER INCOME		
Interest Income on		
- Fixed Deposits	2,754,840	2,414,516
- Electricity Security Deposit	759,262	1,012,779
- Income Tax Refund	10,481	1,811,227
Other Non Operating Income		
Miscellaneous Scrap	1,697,096	2,230,426
Credit Balances Written Back	299,324	7,240,251
Cash Discount Received	1,497,390	1,751,291
Tool Development Charges	752,413	-
Foreign Exchange Fluctuation	817,217	-
Excess Provision written back	16,774,445	-
Premium on Forward Exchange Contracts	427,370	-
Bad Debts Recovered	664,183	-
Total	26,454,021	16,460,490

	For the year ended March 31, 2017	For the year ended March 31, 2016		
NOTE 20: COST OF RAW MATERIAL CONSUMED				
Balance at the beginning of the year	158,039,955	144,444,621		
Add : Purchases during the year	1,392,789,780	1,439,752,474		
	1,550,829,735	1,584,197,094		
Less:- Balance at the end of the year	173,217,410	158,039,955		
Cost of Raw Material Consumed	1,377,612,325	1,426,157,139		
a) Details of Raw material consumed				
Cold Head Quality Steel Wire	1,377,612,325	1,426,157,139		
	1,377,612,325	1,426,157,139		
b) Details of Closing Inventory				
Cold Head Quality Steel Wire	173,217,410	158,039,955		
	173,217,410	158,039,955		
c) CIF value of Imports				
Raw Materials	12,680,537	15,242,591		
Consumable Stores, Spares & Tools	46,819,137	67,024,882		
Capital Goods	93,164,776	77,450,313		
	152,664,451	159,717,786		
d) Details of Imported and Indigenous Raw materials Consumed				
	%	Value (₹)	%	Value (₹)
Imported	0.92	12,680,537	6.38	90,999,744
Indigenous	99.08	1,364,931,787	93.62	1,335,157,395
	100	1,377,612,325	100	1,426,157,139

Notes to financial statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 21: CHANGES IN INVENTORIES IN FINISHED GOODS AND WORK-IN-PROGRESS		
Inventories at the beginning of the year		
Finished Goods	202,942,721	182,682,891
Work in progress	18,409,463	46,667,120
Scrap	86,328	446,168
	221,438,513	229,796,179
Inventories at the end of the year		
Finished Goods	213,194,429	202,942,721
Work in Progress	47,260,441	18,409,463
Scrap	25,820	86,328
	260,480,690	221,438,513
(Increase) / Decrease in inventories	(39,042,177)	8,357,666
a) Details of Inventory		
Finished goods		
High Tensile Fasteners	213,194,429	202,942,721
	213,194,429	202,942,721
Work-in-progress		
High Tensile Fasteners	47,260,441	18,409,463
	47,260,441	18,409,463

	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 22: EMPLOYEE BENEFIT EXPENSE		
Salary, Wages & Bonus	309,178,653	285,107,136
Contribution to Provident & other Funds	20,506,139	20,272,135
Gratuity	7,364,849	3,630,532
Leave Encashment	4,427,758	2,167,244
Staff Welfare Expenses	9,478,770	9,684,706
Total	350,956,169	320,861,754

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 ₹ 17,977,855 (March 31, 2016: ₹ 17,425,668) for provident fund contributions and ₹ 2,062,229 (March 31, 2016: ₹ 2,121,554) 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 unfunded gratuity obligation of Directors starting from current financial year is determined based on actuarial valuation using the Projected Unit Credit Method. The obligation for Leave Encashment is recognized in the same manner as Gratuity.

Notes to financial statements for the year ended March 31, 2017

Actuarial Valuation is as under:-

(Currency : ₹ except otherwise specified)

As at / for the year ended on March 31 2017	Gratuity (Unfunded)	Gratuity (funded)					Earned Leave (Unfunded)				
	2017	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
I. Change in Defined Benefit Obligations (DBO)											
Present value of DBO at beginning of year	-	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
Current service cost	-	4,137,458	3,951,886	3,633,869	3,280,981	3,608,786	1,293,522	2,737,518	2,430,507	2,368,420	2,220,879
Prior Service cost	1,428,391	-	-	-	-	-	-	-	-	-	-
Interest cost	-	2,771,945	2,530,385	2,153,600	2,052,810	1,547,758	552,144	550,571	493,823	462,625	351,507
Actuarial (gains)/losses	-	1,436,819	(767,130)	(1,187)	(2,293,753)	2,049,733	2,582,093	(1,120,845)	(864,963)	(839,256)	(38,081)
Benefits paid	-	2,144,446	1,623,411	1,076,467	1,780,163	893,128	1,365,398	1,464,879	1,350,010	1,601,822	1,145,327
Present value of DBO at the end of year	1,428,391	41,923,315	35,721,539	31,629,809	26,919,994	25,660,119	10,646,865	7,584,504	6,882,139	6,172,782	5,782,815
II. Change in fair value of assets											
Plan assets at beginning of year	-	30,909,529	22,614,998	21,767,362	20,224,009	18,200,897	N.A	N.A	N.A	N.A	N.A
Actual return on plan assets	-	2,409,764	2,084,609	1,924,103	1,700,664	1,652,318	-	-	-	-	-
Actual company contributions	-	5,207,611	7,833,333	-	1,622,852	1,263,922	-	-	-	-	-
Benefits paid	-	2,144,446	1,623,411	1,076,467	1,780,163	893,128	-	-	-	-	-
Plan assets at the end of year	-	36,382,458	30,909,529	22,614,998	21,767,362	20,224,009	N.A	N.A	N.A	N.A	N.A
III. Net asset/(liability) recognised in Balance Sheet											
Present value of Defined Benefit Obligation	1,428,391	41,923,315	35,721,539	31,629,809	26,919,994	25,660,119	10,646,865	7,584,504	6,882,139	6,172,782	5,782,815
Fair value of plan assets	-	36,382,458	30,909,529	22,614,998	21,767,362	20,224,009	-	-	-	-	-
Net asset/(liability) recognised in Balance Sheet	(1,428,391)	(5,540,857)	(4,812,010)	(9,014,811)	(5,152,632)	(5,436,110)	(10,646,865)	(7,584,504)	(6,882,139)	(6,172,782)	(5,782,815)
IV. Components of employer expense recognized during the year											
Current service cost	-	4,137,458	3,951,886	3,633,869	3,280,981	3,608,786	1,293,522	2,737,518	2,430,507	2,368,420	2,220,879
Past service cost	1,428,391	-	-	-	-	-	-	-	-	-	-
Interest cost	-	2,771,945	2,530,385	2,153,600	2,052,810	1,547,758	552,144	550,571	493,823	462,625	351,507
Expected return on plan assets	-	2,409,764	2,084,609	1,924,103	1,700,664	1,652,318	Nil	Nil	Nil	Nil	Nil
Actuarial losses / (gains)	-	1,436,819	(767,130)	(1,187)	(2,293,753)	2,049,733	2,582,093	(1,120,845)	(864,963)	(839,256)	(38,081)
Total expense recognised in the Profit and Loss Statement	1,428,391	5,936,458	3,630,532	3,862,179	1,339,374	5,553,959	4,427,759	2,167,244	2,059,367	1,991,789	2,534,305
V. Actual contribution and benefit payments											
Actual benefit payments	-	2,144,446	1,623,411	1,076,467	1,780,163	893,128	1,365,398	1,464,879	1,350,010	1,601,822	1,145,327
Actual contributions	-	5,207,611	7,833,333	0	1,622,852	1,263,922	-	-	-	-	-
VI. Actuarial assumptions											
Discount rate (p. a.)	7.50%	7.50%	8.00%	8.00%	8.00%	8.00%	7.50%	8.00%	8.00%	8.00%	8.00%
Future increase in compensation	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Expected return on plan assets	0%	7.80%	8.84%	8.84%	8.41%	8.98%	N.A	N.A	N.A	N.A	N.A
In Service Mortality	IALM 2006-08	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	Ultimate
Retirement age	58 years	58 years	58 years	58 years	58 years	58 years	58 years	58 years	58 years	58 years	58 years
Withdrawal Rates (p.a.)	2% to 10%	2% to 10%	2% to 10%	2% to 10%	2% to 10%	2% to 10%	2% to 10%	2% to 10%	2% to 10%	2% to 10%	2% to 10%

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, 2017

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 23: FINANCE COST		
Interest Expense	50,753,637	56,175,708
Other Borrowing cost	2,317,531	1,901,626
Net Exchange Loss on Foreign Currency Borrowings to the Extent Considered as an Adjustment to Interest Cost	748,385	2,999,007
Interest on Delayed Payment of Taxes	1,610,427	1,760,415
Total	55,429,980	62,836,756

	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 24: OTHER EXPENSES		
Consumption of Stores & Spares	327,446,905	336,474,548
Job Work Charges	126,501,110	114,317,979
Consumption of Packing Materials	54,831,281	68,204,734
Power & Fuel	284,597,246	308,085,005
Rent	8,391,240	7,142,753
Repairs & Maintenance		
- Building	50,934,496	30,381,429
- Plant & Machinery	107,609,898	109,206,748
Security Charges	7,507,942	5,546,340
Insurance	7,538,619	5,396,205
Legal & Professional Charges	9,103,967	8,356,728
Rates And Taxes	4,507,672	2,845,534
Increase/(Decrease) In Excise Duty on Finished Goods	1,850,456	7,175,664
Sales Promotion	43,315,110	48,194,004
Freight Outward	120,081,776	107,910,515
Travelling & Conveyance	17,930,678	14,352,011
Contract Labour Charges	52,960,383	51,691,309
Payment To Auditors (Refer Details Below)	1,668,200	1,117,955
Commission To Director	17,100,000	14,100,000
CSR Expenses	6,280,176	4,583,800
Foreign Exchange Fluctuation	-	1,073,945
Provision For Doubtful Debts	2,729,737	2,492,936
Warranty Expenses	3,267,524	-
Bad Debts Written off	71,490	13,478,504
Miscellaneous Expenses	55,994,187	57,361,047
Total	1,312,220,092	1,319,489,695

a) Details of Imported and Indigenous Stores & Spares Consumed

	%	Value (₹)	%	Value (₹)
Imported	6.90	22,582,594	19.42	65,332,906
Indigenous	93.10	304,864,311	80.58	271,141,642
	100.00	327,446,905	100.00	336,474,548

Notes to financial statements for the year ended March 31, 2017

b) Expenditure in foreign currency

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Travelling	3,654,148	3,357,809
Others	7,837,102	3,840,732
Total	11,491,250	7,198,541

c) Payment to Auditor(s)

	For the year ended March 31, 2017	For the year ended March 31, 2016
As Auditor		
- Statutory Audit	1,010,000	720,000
- Tax Audit	180,000	120,000
- Limited Review	120,000	120,000
	1,310,000	960,000
In Other Capacity		
- Other Matters	327,500	80,000
- Out of Pocket Expense	30,700	77,955
	358,200	157,955

	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 25: EXCEPTIONAL ITEMS		
Profit on Compulsory Acquisition of Land	-	2,532,483
(Loss) on Sale of Other Fixed Assets	41,268,220	(12,649,994)
Provision For Doubtful Receivables Written Back	2,492,935	6,287,452
	43,761,155	(3,830,059)

Note 26: Assets taken on operating leases

The Company has entered into various agreements of cancellable & non cancellable operating lease. Factory premises, nitrogen plant, transfarmer and offices rent amounting to ₹ 8,391,240 (March 31, 2016: ₹ 7,142,753) has been debited to Statement of Profit and Loss for the year ending March 31, 2017. The Future minimum lease payment is as under:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Not later than one Year	4,406,676	5,303,068
Later than one year and not later than five years	1,922,564	110,000
Later than Five years	-	-
	6,329,240	5,413,068

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
12-A,Southern Avenue,Maharani Bagh, New Delhi-110065	30.06.2017	No	Yes	No
D-1,Maharani Bagh,New Delhi-110065	09.09.2018	Yes	Yes	No
Two Tricotect Equipments	28.02.2018	No	Yes	No
Nitrogen Plant	25.05.2019	No	Yes	No

Notes to financial statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2017	For the year ended March 31, 2016
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	388,567,815	284,152,538
Weighted Average Equity Shares Outstanding (Nos)	34,223,000	34,223,000
Earning Per Share - Basic/Diluted (₹)	11.35	8.30

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

I Name of the Related Parties and description of relationship:

Subsidiary Company	Haryana Ispat Private Limited (w.e.f. November 15, 2016)
Enterprise over which KMP exercise Control and/or Significant Influence	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, 2017	As at March 31, 2016
i) Transaction with Subsidiary Company		
Rent paid		
Haryana Ispat Private Limited	4,558,125	8,011,600
ii) Enterprises over which Key Management Personnel has significant influence		
a) Expenses paid- R&M		
Sterling Automobiles Private Limited	447,074	325,286
Jaycee Automobiles Private Limited	815,657	331,507
b) Expenses paid- Insurance		
Jaycee Automobiles Private Limited	-	176,921
Sterling Automobiles Private Limited	-	57,382
c) Rent paid		
Sterling Technologies Private Limited	150,000	-
d) Purchase of Asset		
Sterling Automobiles Private Limited	2,709,952	1,663,926
Jaycee Automobiles Private Limited	-	17,493,319
e) Expenses paid- Sales Promotion		
Sterling Mobikes Private Limited	19,151	-

Notes to financial statements for the year ended March 31, 2017

f) Advance given against car & received back		
Jaycee Automobiles Private Limited	7,000,000	-
iii) Transaction with Joint Venture Company		
Sale of Material	2,585,262	2,279,448
Purchase of Material	14,097,667	16,560,587
Director's Nomination fees paid under Section 160 of Companies Act, 2013	-	100,000
Director's Nomination fees received back under Section 160 of Companies Act, 2013	-	100,000
iv) Transaction with Key Management Personnel & Their Relatives		
Remuneration Paid (Refer note 'v' below)		
Mr. Manohar Lal Aggarwal	11,682,800	10,234,039
Mr. Anil Aggarwal	12,336,749	9,307,808
Mr. Atul Aggarwal	11,270,258	9,047,129
Ms. Vaishali Singh	1,479,644	1,301,953
Mr. Anish Aggarwal	400,196	1,077,018
Commission Paid		
Mr. Manohar Lal Aggarwal	5,700,000	4,700,000
Mr. Anil Aggarwal	5,700,000	4,700,000
Mr. Atul Aggarwal	5,700,000	4,700,000
Security Received against Car		
Ms. Vaishali Singh	1,150,765	-
iv) Closing Balances		
Remuneration Payable		
Mr. Manohar Lal Aggarwal	460,178	48,497
Mr. Anil Aggarwal	250,788	368,583
Mr. Atul Aggarwal	257,026	56,193
Ms. Vaishali Singh	95,446	103,412
Mr. Anish Aggarwal	-	19,244
Security Deposit Payable		
Ms. Vaishali Singh	1,150,765	-
Commission Payable		
Mr. Manohar Lal Aggarwal	3,727,344	3,073,424
Mr. Anil Aggarwal	3,727,344	3,073,424
Mr. Atul Aggarwal	3,727,344	3,073,424
Outstanding Payables/(Receivables)		
Sterling Automobiles Private Limited	23,082	28,811
Jaycee Automobiles Private Limited	5,139	-
Sterling Fabory India Private Limited	(180,532)	2,211,895

- 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: Current year figures shown in related party transactions are net of taxes.

Notes to financial statements for the year ended March 31, 2017

(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	Number of Contracts	Amount of Hedged Foreign Currency
Forward Contracts			
As At March 31, 2017	Hedging- Imports	-	-
	Hedging- Exports	7	EURO 646,034
As At March 31, 2016	Hedging- Imports	5	USD 1,350,850
	Hedging- Exports	5	EURO 300,000

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Foreign Currency	₹	Foreign Currency	₹
Foreign Currency Exposure not hedged (Sell)	363,410 EURO	25,166,179	498,319 EURO	13,498,778
	18,623 USD	1,207,508	41,333 USD	2,741,608
	68,012 GBP	5,500,798	9,012 GBP	857,013
Foreign Currency Exposure not hedged (Buy)	-	-	4,921 GBP	467,932
	42,399 USD	2,749,128	293,405 USD	19,461,575
	426,394 JPY	248,247	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 Fabry India 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 Fabry India Private Limited	25,693,591	10,889,082	47,166,181	48,696,551
		(25,836,135)	(9,640,655)	(38,802,307)	(43,429,400)

Notes:

- Figures in brackets relate to year ended March 31, 2016.
- Share of Contingent liabilities incurred in relation to interests in joint ventures as at March 31, 2017: ₹ 907,036 (March 31, 2016: ₹ 452,247)
- Share of Capital Commitments incurred in relation to interests in joint ventures as at March 31, 2017: ₹ Nil (March 31, 2016: ₹ Nil)

Notes to financial statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

NOTE 31: 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 2016-17
(i)	Construction/acquisition of any asset	-	-	-	-
(ii)	On purposes other than (i) above	1,021,000	Charity to eye hospital & other health welfare societies	6,280,176	203,203
		1,003,650	Childre Welfare related Activities & Societies		
		500,000	Payment to Golf Foundation		
		3,605,526	Payment to educational & other welfare societies		
		150,000	Others		

Note 32: The details of specified Bank notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 as provided in the table below:

Particulars	Amount (₹)		
	SBNs	Other Denominations Notes	Total
Closing cash in hand as on November 8, 2016	702,000	9,812	711,812
(+) Permitted Receipts	-	1,495,700	1,495,700
(-) Permitted Payments	-	815,730	815,730
(-) Amount Deposited in banks	702,000	1,000	703,000
Closing cash in hand as on December 30, 2016	-	688,782	688,782

Note 33 : Movement of provision of Warranty

Opening Balance as on April 1, 2016	Actual utilisation/ Replacement during the year	Reversal during the year	Provision created during the year	Closing Balance as on March 31, 2017
(A)	(B)	(C)	(D)	E= (A)-(B)-(C)+(D)
-	-	-	3,267,524	3,267,524
(-)	(-)	(-)	(-)	(-)

* Figures in bracket represents amount for the year ended March 31, 2016

Note 34: 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, 2017.

Note 35: 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".

Notes to financial statements for the year ended March 31, 2017

Note 36: 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, 2017.

Note 37: The figures are rounded off to nearest rupee.

Note 38: 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: 26 May, 2017

(Atul Aggarwal)
Chief Financial Officer
PAN: AAUPA6243R

(Vaishali Singh)
Company Secretary
PAN: 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 **Sterling Tools Limited** (“the Holding Company”), its jointly controlled entity and subsidiary company (collectively referred to as “the Group”) comprising of the Consolidated Balance Sheet as at **March 31, 2017**, the Consolidated Statement of Profit and Loss, Consolidated Cash Flow Statement for the year then ended, 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 preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 (“the Act”) 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. The Board of Directors of the Company is responsible for 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, 2017, 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:
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 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, 2017 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, 2017 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 Group and the operating effectiveness of such controls, refer to our separate report in **Annexure-A**; and
 - (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 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 and subsidiary company incorporated in India.
 - iv. The Company has provided requisite disclosures in its consolidated financial statements as regards its holding and dealings in Specified Bank during the period from 8th November 2016 to 30th December 2016; and such disclosures are in accordance with the books of account maintained by the Company.-Refer Note No 33 to the consolidated financial statements.

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

Place of Signature: Faridabad
Date: 26 May, 2017

(Pradeep Dinodia)
Partner
Membership No. 080617

Annexure- A to the Independent Auditors' Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **Sterling Tools Limited** (hereinafter referred to as "the Holding Company") and its jointly controlled and subsidiary company which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its jointly controlled and subsidiary company, which is company incorporated in India, are 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") issued by ICAI 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 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 judgment, 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 Holding Company and its jointly controlled and subsidiary company, which is company incorporated in India, have, 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, 2017, 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: 26 May, 2017**

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

Consolidated Balance Sheet As At March 31, 2017

(Currency : ₹ except otherwise specified)

Particulars	NOTE NO.	As at March 31, 2017	As at March 31, 2016
I. Equity and Liabilities			
(1) Shareholders' Funds			
(a) Share Capital	3	68,446,000	68,446,000
(b) Reserves And Surplus	4	1,527,845,957	1,222,603,691
		1,596,291,957	1,291,049,691
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	5	252,869,814	230,952,112
(b) Deferred Tax Liabilities (Net)	6	154,638,493	145,399,111
(c) Other Long Term Liabilities	7	5,217,544	3,694,823
(d) Long-Term Provisions	8	11,626,038	6,439,086
		424,351,889	386,485,132
(3) Current Liabilities			
(a) Short-Term Borrowings	9	27,208,205	315,736,373
(b) Trade Payables	10		
-Total outstanding dues of micro and small enterprises		14,545,533	3,460,723
-Total outstanding dues of creditors other than micro and small enterprises"		280,632,801	269,626,497
(c) Other Current Liabilities	11	184,179,240	188,656,870
(d) Short-Term Provisions	8	30,943,625	7,315,915
		537,509,404	784,796,378
TOTAL		2,558,153,250	2,462,331,202
II. Assets			
(1) Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		1,432,527,363	1,383,844,710
(ii) Intangible Assets		99,702,171	1,268,910
(iii) Capital Work-in-Progress		-	10,630,661
(b) Non-current investments		-	-
(c) Long-term loans and advances	13	27,576,168	35,064,293
(d) Other Non current assets	15	50,933	-
		1,559,856,635	1,430,808,574
(2) Current Assets			
(a) Inventories	14	467,233,662	416,369,229
(b) Trade Receivables	15	351,637,303	367,904,103
(c) Cash And Other Bank Balances	16	32,795,910	122,382,151
(d) Short-Term Loans And Advances	13	137,574,464	115,132,566
(e) Other Current Assets	15	9,055,275	9,734,579
		998,296,614	1,031,522,628
TOTAL		2,558,153,250	2,462,331,202
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
Firm Registration Number 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: 26 May, 2017

(Atul Aggarwal)
Chief Financial Officer
PAN: AAUPA6243R

(Vaishali Singh)
Company Secretary
PAN: AVIPS7863A

Consolidated Statement of Profit & Loss for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
Incomes			
I Revenue from Operations (Net)	17	3,777,707,979	3,722,474,873
II Other Income	18	27,499,666	17,114,578
III Total Income (I+II)		3,805,207,645	3,739,589,452
Expenses			
(a) Cost Of Raw Material Consumed	19	1,381,062,837	1,427,611,421
(b) Purchase of Traded goods	20	22,282,489	16,596,932
(c) Changes in Inventories of Finished Goods, Work-In-Progress and Stock in Trade	21	(41,367,723)	8,316,605
(d) Employee Benefits Expense	22	360,232,442	330,025,073
(e) Finance Cost	23	55,443,485	62,836,756
(f) Depreciation And Amortization Expense	12	153,804,192	134,682,351
(g) Other Expenses	24	1,319,473,617	1,325,701,640
IV Total Expenses		3,250,931,339	3,305,770,776
V Profit before exceptional and extraordinary items and tax (III-IV)		554,276,306	433,818,675
VI Exceptional Items	25	43,761,155	(3,834,295)
VII Profit Before Tax		598,037,461	429,984,380
VIII Tax Expense			
(a) Current Tax		202,220,071	140,353,300
(b) Deferred Tax		9,239,383	9,081,898
(c) Tax Adjustment For Earlier Years		(1,044,256)	101,540
IX Profit after tax/Profit for the year		387,622,263	280,447,642
X Earnings Per Equity Share			
Basic / Diluted	27	11.33	8.19
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
 Firm Registration Number 001478N/N500005

(Pradeep Dinodia)
 Partner
 M.No. 080617

Place of Signature: Faridabad
 Date: 26 May, 2017

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

(Atul Aggarwal)
 Chief Financial Officer
 PAN: AAUPA6243R

(Anil Aggarwal)
 Managing Director
 DIN No.00027214

(Vaishali Singh)
 Company Secretary
 PAN: AVIPST863A

Consolidated Cash Flow Statement for the year ended 31 March, 2017

(Currency : ₹ except otherwise specified)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	598,037,461	429,984,380
Adjustments for :		
Depreciation & Amortisation (Net)	153,804,192	134,682,351
Unrealized Foreign Exchange Gain & Loss	1,265,966	296,119
Interest On Delayed Payment of Advance Taxes	1,623,932	1,764,651
(Profit)/ Loss on Sale of Fixed Assets	(41,268,220)	10,117,511
Finance Cost	50,753,637	56,175,708
Interest income	(3,765,155)	(1,216,526)
Bad Debt Written off	87,022	13,478,504
Provision For Doubtful Trade Receivables	2,729,737	2,492,936
Operation Profit Before Working Capital Changes	763,268,572	647,775,634
Adjustment for Working Capital Changes:		
(Increase)/ Decrease in Trade Receivables	12,250,276	13,465,683
(Increase)/ Decrease in Other Receivables	(23,860,772)	22,908,252
(Increase)/ Decrease in Inventories	(50,864,433)	5,259,111
(Increase)/ Decrease in Trade Payables	22,024,912	4,837,354
(Increase)/ Decrease in Other Liabilities	14,387,818	860,942
(Increase)/ Decrease in Provisions	9,905,394	421,203
	(16,156,805)	47,752,546
Net Cash Generated From Operations	747,111,767	695,528,180
Direct Taxes Paid	(184,861,204)	(138,618,711)
Net Cash Provided/ (Used) in Operating Activities (A)	562,250,563	556,909,470
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including Capital Work- in Progress & Payment for Capital Advances)	(292,849,715)	(255,937,902)
Maturity of Fixed Deposit	12,607,479	-
Interest Received	3,765,155	1,216,526
Investment in Fixed Deposit	(2,331,721)	(12,607,479)
Sale of Fixed Assets	59,599,818	8,466,599
Net Cash Provided/ (Used) in Investing Activities (B)	(219,208,984)	(258,862,256)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Long-Term Borrowings	153,618,926	172,810,065
Dividend Paid Including Dividend Tax	(82,379,996)	(123,569,991)
Repayment of Long-Term Borrowings	(154,309,186)	(127,536,403)
Short Term Borrowings	(288,528,169)	(78,124,888)
Interest Paid	(50,753,637)	(56,175,708)
Net Cash Provided/ (Used) in Financing Activities (C)	(422,352,061)	(212,596,925)
Net (Decrease)/Increase In Cash or Cash Equivalent (A+B+C)	(79,310,482)	85,450,288
Cash & Cash Equivalents at beginning of the Year	109,774,672	24,324,384
Cash & Cash Equivalents at the end of the Year	30,464,190	109,774,672
Components of Cash & Cash Equivalents are:		
Balances with Scheduled banks :		
- On Current Accounts	26,710,975	23,255,826
- Deposits Accounts	-	82,230,550
- On Unpaid Dividend Accounts	2,909,625	2,740,840
Cash On Hand	843,589	975,456
Demand Draft in Hand	-	572,000
	30,464,190	109,774,672

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
Firm Registration Number 001478N/N500005

(Pradeep Dinodia)
Partner
M.No. 080617

Place of Signature: Faridabad
Date: 26 May, 2017

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

(Atul Aggarwal)
Chief Financial Officer
PAN: AAUPA6243R

(Anil Aggarwal)
Managing Director
DIN No.00027214

(Vaishali Singh)
Company Secretary
PAN: AVIPS7863A

Notes To Consolidated Financial Statements for the year ended March 31, 2017

(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. Haryana Ispat Private Limited ('the Company') is a Private Limited Company incorporated in the year 1971 under the provisions of the Companies Act, 1956 and changed its registered office from Haryana to Delhi in the year 2015. The company was engaged in leasing of an immovable property.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

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.

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), its Subsidiary namely Haryana Ispat Private Limited 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, 2017.

The consolidation of subsidiary companies have been prepared in accordance with the Accounting Standard-21 (AS-21) "Consolidated Financial Statement", on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses. The difference of the cost to the company of its investment in subsidiaries over its share in the equity of the investee company as at the date of acquisition of stake is recognized in financial statements as Goodwill or Capital Reserve, as the case may be.

Notes To Consolidated Financial Statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

The consolidation of joint venture have been prepared 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 Interest s 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 manneras the Company's separate financail statements.

The following subsidiary and joint venture companies are considered in the Consolidated financial statements:

Name of the Company	Country of Incorporation	% of holding/ control	Relationship
Haryana Ispat Private Limited [Date of acquisition: November 15, 2016]	India	100%	Subsidiary
Sterling Febory India Private Limited	India	50%	Joint Venture

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.

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 on tangible assets is provided on the straight-line method over the useful lives of assets 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 the last day of the preceeding month vis-a-vis the actual date of sale. Assets costing up to ₹ 5,000 are fully depreciated in the year of acquisition. 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.

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:

- 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.

Notes To Consolidated Financial Statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

- 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.

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

Notes To Consolidated Financial Statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

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.

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. 3079(E) dated September 29, 2016.

Notes To Consolidated Financial Statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

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.

I. 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.

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.

Notes To Consolidated Financial Statements for the year ended March 31, 2017

(Currency : ₹ except otherwise specified)

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, 2017

(Currency : ₹ except otherwise specified)

	As at March 31, 2017	As at March 31, 2016
NOTE 3 : SHARE CAPITAL		
Authorised		
50,000,000 (March 31, 2016: 10,000,000 Equity Shares of ₹ 10/- each) Equity Shares of ₹ 2/- each	100,000,000	100,000,000
	100,000,000	100,000,000
Issued, Subscribed & Paid-up		
34,223,000 (March 31, 2016: 6,844,600 Equity Shares of ₹ 10/- each) Equity Shares of ₹ 2/- each fully paid up	68,446,000	68,446,000
	68,446,000	68,446,000

(a) Reconciliation Statement of Equity Share Capital

	March 31, 2017		March 31, 2016	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
Share capital at the Beginning of the year	6,844,600	68,446,000	6,844,600	68,446,000
Add:- Addition during the year	-	-	-	-
On subdivision of Equity Shares	27,378,400			
Less:- Buy back during the year	-	-	-	-
Share capital at the end of the year	34,223,000	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 ₹2 per share (March 31, 2016: ₹ 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, 2017, the amount of per share interim dividend recognized as distributions to equity shareholders is ₹ 10 (March 31, 2016: ₹ 15). 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, 2017		March 31, 2016	
	No. of shares	Holding %	No. of shares	Holding %
(i) Mr. Manohar Lal Aggarwal, Promoter	3,855,080	11.26%	771,016	11.26%
(ii) Mr. Anil Aggarwal, Promoter	7,840,640	22.91%	1,568,128	22.91%
(iii) Mr. Atul Aggarwal, Promoter	8,648,455	25.27%	1,729,691	25.27%
(iv) Mr. Jagdish Kumar Aggarwal	1,834,610	5.36%	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, 2017

(Currency : ₹ except otherwise specified)

	As at March 31, 2017	As at March 31, 2016
NOTE 4 : RESERVE AND SURPLUS		
Capital Reserve		
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	664,750	664,750
Security Premium Reserve		
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	34,071,500	34,071,500
General Reserve		
Balance at the beginning of the year	239,546,396	211,146,396
Add:- Addition during the year	39,100,000	28,400,000
Less:- Utilised during the year	-	-
Balance at the end of the year	278,646,396	239,546,396
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance at the beginning of the year	948,321,043	819,843,395
Add: Addition during the year		
Balance of Statement of Profit & Loss	387,622,263	280,447,642
Less: Utilised during the year as under:		
Interim Dividend Paid	68,446,000	102,669,000
(Dividend amount per share ₹ 10)		
Dividend Distribution Tax on Interim Dividend	13,933,996	20,900,991
Transfer to General Reserve	39,100,000	28,400,000
Balance at the end of the year	1,214,463,311	948,321,045
Total	1,527,845,957	1,222,603,691

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE 5 : LONG TERM BORROWINGS				
Indian Rupee Loan From Banks (Secured)				
-Term loans	252,869,814	230,952,112	122,161,079	144,769,040
Total	252,869,814	230,952,112	122,161,079	144,769,040
Less: Amount disclosed under head "Other Current Liabilities" (Refer Note No.11)	-	-	(122,161,079)	(144,769,040)
Net Amount	252,869,814	230,952,112	-	-

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

a) In case of Sterling Tools Limited;

- i) The term loan(s) are secured by equitable mortgage of certain Land & Building situated at Plot No 4, 5A, 52, 53, 54 & 54A DLF Industrial Estate, Phase-I, Delhi- Mathura Road and factory land & building situated at Prithla village, Faridabad & 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:

Maturity profile of Secured Term Loans are as set out below	2017-18	2018-19	2019-20	Beyond 2020-21
Term loan from Banks are repayable in monthly installments.	122,161,079	90,372,792	84,212,351	78,284,670

Remaining number of installments are not mentioned in the sanction letter and are as per management best estimation.

	As at March 31, 2017	As at March 31, 2016
NOTE 6 : DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability		
Fixed assets : Impact of difference between depreciaton as per Income Tax Act and depreciation/amortization as per Companies Act	162,951,367	156,027,870
Gross Deferred Tax Liability	(A) 162,951,367	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	6,413,347	8,304,459
Unrealised Exchange Fluctuation on Capital Goods	-	39,458
Provision for Lease Equalisation	38,535	201,537
Provision of Doubtful Trade Receivables	944,707	862,755
Unabsorbed Depreciation	916,284	800,885
Others	-	419,664
Gross Deferred Tax Assets	(B) 8,312,873	10,628,758
Net Deferred Tax Liability	(A-B) 154,638,493	145,399,111

	As at March 31, 2017	As at March 31, 2016
NOTE 7 : OTHER LONG TERM LIABILITIES		
Security Deposits	5,217,544	3,694,823
	5,217,544	3,694,823

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE 8 : PROVISIONS				
Provisions for Employees Benefits				
Provision for Leave Encashment	9,833,227	5,990,363	1,147,918	1,916,014
Provision for Gratuity	1,722,811	433,774	5,737,007	4,822,232
	11,556,038	6,424,136	6,884,925	6,738,246
Other Provisions				
Provision for Lease Equalisation	70,000	14,950	42,950	577,669
Provision for Warranty	-	-	3,267,524	-
Provision for Income Tax	-	-	20,748,226	-
"Net of advance tax of March 31, 2017: ₹ 184,871,637 (March 31, 2016: Nil)"				
	70,000	14,950	24,058,700	577,669
Total	11,626,038	6,439,086	30,943,625	7,315,915

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

S.No. Particulars	As at	As at
	March 31, 2017	March 31, 2016
i) Disputed Liability - Central Excise Act (Refer Note 'b' below)	9,316,935	9,316,935
ii) Interest on disputed liability- Central Excise Act (Refer Note 'c' below)	4,283,637	3,678,036
iii) Letter of Credit	-	13,493,037
iv) Bank Guarantee	1,579,282	1,535,902
v) EPCG- Duty in relation to Export Obligation	360,845,785	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	98,594
vii) Demand under Income Tax Act, 1961		
- Assessment Year: 2013-14	61,830	61,830
- Assessment Year: 2014-15	94,250	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	124,929,505	144,169,643

- b) Excise demand amounting to ₹ 3,990,394 for the period February 2010 to March 2010 and ₹ 5,326,546 for the period November 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. These demand orders are still in the dispute till final adjudication.
- c) Interest amounting to ₹ 42,83,637 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 And Service Tax, Faridabad-I, has dropped the proceedings initiated against the Company for ₹ 22,226,095 as disclosed under point no. (viii) of (a) above, vide order No. 02/16-17/Commr/YG/FBD-I dated 27-04-2016.
- e) 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 Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

	As at March 31, 2017	As at March 31, 2016
NOTE 9 : SHORT TERM BORROWINGS		
Loans From Banks (Secured)		
- Working Capital Facilities	27,208,205	217,785,938
- Buyers credit for capital goods	-	97,950,435
Total	27,208,205	315,736,373

- a) The working capital facilities include working capital demand loan, 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 4, 5A, 52, 53, 54 & 54A DLF Industrial Estate, Phase-I, Delhi- Mathura Road and factory land & building situated at Prithla village, Faridabad 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, 2017	As at March 31, 2016
NOTE 10 : TRADE PAYABLES		
Amount Due To Micro Small And Medium Enterprise		
- Principal Amount	14,531,786	3,446,913
- Interest Payable on Outstanding Amount	13,747	13,810
Amount due to others	280,632,801	269,626,497
Total	295,178,334	273,087,220

- 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:

Particulars	As at March 31, 2017	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	14,531,786	3,446,913
- Interest	13,747	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)	13,747	13,810
iii) The amount of Interest accrued and remaining unpaid for the year	13,747	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, 2017. Further, in case of Sterling Fabory India Private Limited, no such amount were due to Micrp, Small & Medium Exterprises as at March 31, 2017.

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

	As at March 31, 2017	As at March 31, 2016
NOTE 11: OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Borrowings (Refer Note No. 5)	122,161,079	144,769,040
Interest Accrued But Not Due	1,197,696	1,297,635
Advance from Customers	15,304,211	3,993,594
Unclaimed Dividend	2,909,625	2,740,840
Others:		
Gratuity Payable	-	-
Statutory Dues Payable	33,924,530	32,438,896
Creditors for Capital Expenditure	8,682,098	3,416,864
Total (Refer Note 'a' below)	184,179,240	188,656,870

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, 2017

NOTE 12 : FIXED ASSETS

(Currency : ₹ except otherwise specified)

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK	
	AS AT APRIL 01, 2016	ADDITION during the Year	DEDUCTION	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016	FOR THE YEAR	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
A. Tangible Assets								
Land	117,367,636	90,000	9,518,486	107,939,150	-	-	107,939,150	117,367,636
Buildings	301,165,749	-	-	301,165,749	78,313,404	9,382,283	87,695,687	223,470,062
Leasehold Improvements (Buildings)	24,291,692	15,836,332	-	40,128,024	13,412,506	908,314	14,320,820	25,807,204
Plant and Equipment	1,684,423,257	189,228,872	10,056,871	1,863,595,258	714,084,249	128,929,126	835,775,516	1,027,819,742
Furniture and Fixtures	13,401,620	983,240	-	14,384,860	6,469,450	1,431,610	7,901,059	6,483,801
Vehicles	46,306,976	7,871,187	10,032,560	44,145,603	12,784,260	5,248,247	13,973,504	30,172,098
Office Equipments	18,300,093	3,408,987	107,534	21,601,545	12,391,609	2,479,155	14,775,993	6,825,552
Electrical Installations & Equipments	43,916,193	731,000	-	44,647,193	28,836,031	3,798,671	32,634,701	12,012,491
Computer System	3,719,076	2,029,049	303,226	5,444,899	2,756,075	987,005	3,447,636	1,997,263
Total	2,252,892,290	220,178,666	30,018,677	2,443,052,280	869,047,582	153,164,410	1,010,524,917	1,432,527,363
B. Intangible Assets								
Goodwill on Consolidation	-	98,864,928	-	98,864,928	-	-	-	98,864,928
Computer Software	4,263,899	208,116	-	4,472,014	2,994,989	639,782	3,634,771	837,244
Total	4,263,899	99,073,044	-	103,336,942	2,994,989	639,782	3,634,771	99,702,171
C. Capital Work in Progress								
CWIP	10,630,662	176,457,909	187,088,571	-	-	-	-	10,630,662
Total	10,630,662	176,457,909	187,088,571	-	-	-	-	10,630,662
Grand Total	2,267,786,850	495,709,619	217,107,248	2,546,389,223	872,042,570	153,804,192	1,014,159,687	1,395,744,282

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

PARTICULARS	As At April 1, 2016	Additions During The Year	Capitalized During The Year	Impaired/ Written Off During The Year	As At March 31, 2017
Building	362,773	15,473,559	15,836,332	-	-
Plant & Machinery	10,267,889	160,984,350	171,252,239	-	-
Total	10,630,662	176,457,909	187,088,571	-	-

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE 13: LOANS AND ADVANCES				
Capital Advances				
- Secured, Considered Good	-	9,600,104	-	-
- Unsecured, Considered Good	12,799,624	13,705,614	-	-
Security Deposits	9,856,681	8,106,640	847,500	125,000
Advances recoverable in cash or in Kind (Unsecured, considered good)	382,133	-	81,796,614	76,314,857
Other Loans and advances (Unsecured considered good)	-	-	-	-
Advance Income Tax	2,071,144	1,100,420	-	-
[Net of provisions of ₹ 143,165,510 (March 31, 2016: ₹ 334,126,018)]	-	-	-	-
Advance to Suppliers	401,025	-	15,274,731	17,097,547
Balances with Government Authorities	88,279	282,514	11,657,608	12,982,089
Advance to Employees	1,976,276	68,000	1,685,155	1,683,001
Prepaid Expenses	1,006	2,201,001	4,613,457	6,930,072
Loan & Advances to related parties	-	-	21,699,400	-
Total	27,576,168	35,064,293	137,574,464	115,132,566

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) ₹ 13,827,860 (March 31, 2016: ₹ 49,353,507).

	As at March 31, 2017	As at March 31, 2016
NOTE 14: INVENTORIES		
(as taken, valued and certified by the Management)		
Raw Materials	174,998,042	159,624,379
Goods in Transit - Raw Material	129,956	692,656
Traded Goods	6,022,442	3,696,896
Work in Process	47,260,441	18,409,463
Finished Goods	213,194,429	202,942,721
Stores, Spares & Consumables	23,270,068	28,137,256
Packing Material	45,803	45,780
Goods In Transit - Stores, Spares & Consumables	278,748	65,826
Tools & Dies	2,007,913	2,667,924
Scrap	25,820	86,328
Total	467,233,662	416,369,229

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

Note 15: Trade Receivables & Other Assets

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE 15.1: 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	-	-	23,454,558	8,633,192
- Unsecured, Considered Doubtful	-	-	2,729,737	2,492,936
	-	-	26,184,295	11,126,128
Less: Provision for Doubtful Receivables	-	-	2,729,737	2,492,936
	(A)	-	23,454,558	8,633,192
Other Receivables		-	328,182,746	359,270,911
- Unsecured, Considered Good		-		
	(B)	-	328,182,746	359,270,911
Total (A+B)	-	-	351,637,303	367,904,103

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
15.2 - OTHER ASSETS				
(Unsecured, considered good unless stated otherwise)				
Deposit Accounts with Original maturity more than 12 months	50,000	-	-	-
Interest Accrued but not due on Deposit Accounts	933	-	150,297	1,584,620
Export Incentive Receivable	-	-	8,280,509	7,523,475
Other Receivable	-	-	624,468	626,484
Total	50,933	-	9,055,274	9,734,579

	Non Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE 16: CASH AND BANK BALANCES				
Cash & Cash Equivalents				
Balances with Scheduled banks :				
- On Current Accounts	-	-	26,710,975	23,255,826
- Deposits Accounts with original maturity less than 3 months	-	-	-	82,230,550
On Unpaid Dividend Accounts	-	-	2,909,625	2,740,840
Cash in Hand	-	-	843,589	975,456
Demand Draft in Hand	-	-	-	572,000
	(A)	-	30,464,189	109,774,672
Other Bank Balances				
Deposit Accounts with original maturity more than 12 months	50,000	-	2,331,721	12,607,479
Less: Disclosed under other Non-current assets(Refer Note 15.2)	(50,000)	-	-	-
	-	-	2,331,721	12,607,479
	(B)	-	2,331,721	12,607,479
Total	(A+B)	-	32,795,910	122,382,151

* Deposit of ₹ 50,000 has been used as margin money against guarantee issued by the bank.

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 17: REVENUE FROM OPERATIONS		
Sale of Products		
- Finished Goods	4,152,390,988	4,084,137,998
- Traded Goods	31,498,452	24,696,983
Other Operating Revenues		
- Steel Scrap Sale	26,433,650	35,629,353
- Export Incentives	11,745,910	14,706,021
- Service Income	375,000	-
Revenue From Operations (Gross)	4,222,444,001	4,159,170,355
Less: Excise duty on Finished Goods	444,736,022	436,695,482
Revenue From Operations (Net)	3,777,707,979	3,722,474,873

Excise Duty on sales amounting to ₹ 444,736,022 (March 31, 2016 : ₹ 436,695,482) has been reduced from sales in Statement of Profit & Loss and Excise duty on increase/(decrease) in stock amounting to ₹ 1,850,456 (March 31, 2016 : ₹ 7,175,664) has been considered as (income)/expense in Note No. 24 of the financial statements.

a) Detail of Product Sold

Manufacturing - High Tensile Fasteners	4,152,390,988	4,084,137,998
Trading - Fasteners	31,498,452	24,696,983
	4,183,889,440	4,108,834,981

b) Earnings in foreign exchange

Export of Goods (FOB)	264,661,515	333,472,671
Tool Development Charges	752,413	-
	265,413,928	333,472,671

	For the year ended March 31, 2017	For the year ended March 31, 2016
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NOTE 18: OTHER INCOME

Interest Income on

- Fixed Deposits	3,072,315	3,043,077
- Electricity Security Deposit	759,262	1,012,779
- Income Tax Refund	13,309	1,826,551
- Others	706,149	-

Other Non Operating Income

Miscellaneous Scrap	1,702,119	2,230,426
Credit Balances Written Back	313,494	7,250,455
Discount Received	1,497,390	1,751,291
Tool Development Charges	752,413	-
Foreign Exchange Fluctuation	817,217	-
Excess provision written back	16,774,445	-
Premium on Forward Exchnage Contracts	427,370	-
Bad Debts Recovered	664,183	-
Total	27,499,666	17,114,578

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2017	For the year ended March 31, 2016		
NOTE 19: COST OF RAW MATERIAL CONSUMED				
Balance at the beginning of the year	159,624,379	145,570,513		
Add : Purchases during the year	1,396,436,499	1,441,665,287		
	1,556,060,878	1,587,235,799		
Less:- Balance at the end of the year	174,998,042	159,624,379		
Cost of Raw Material Consumed	1,381,062,837	1,427,611,421		
a) Details of Raw Material Consumed				
Cold Head Quality Steel Wire	1,377,612,325	1,426,157,139		
Fasteners	3,450,512	1,454,282		
	1,381,062,837	1,427,611,421		
b) Details of Closing Inventory				
Cold Head Quality Steel Wire	173,217,410	158,039,955		
Fasteners	1,780,631	1,584,424		
	174,998,042	159,624,379		
c) CIF value of Imports				
Raw Materials	13,078,778	15,937,352		
Traded Goods	5,971,748	4,017,375		
Consumable Stores, Spares & Tools	46,819,137	67,024,882		
Capital Goods	93,164,776	77,492,661		
	159,034,439	164,472,270		
d) Details of Imported and Indigenous Raw materials Consumed				
	%	Value (₹)	%	Value (₹)
Imported Raw Material	0.92	13,191,312	6.43%	91,774,302
Indigenous Raw Material	99.08	1,367,871,524	93.57%	1,335,837,119
	100.00	1,381,062,837	100.00	1,427,611,421

	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 20: PURCHASE OF TRADED GOODS		
Purchase of Fasteners - Import	7,269,888	5,062,615
Purchase of Fasteners - Indigenous	15,012,601	11,534,317
	22,282,489	16,596,932

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 21: CHANGES IN INVENTORIES IN FINISHED GOODS AND WORK-IN-PROGRESS		
Inventories at the beginning of the year		
Finished Goods	202,942,721	182,682,891
Work in Progress	18,409,463	46,667,120
Scrap	86,328	446,168
Traded Goods	3,696,896	3,655,835
	225,135,408	233,452,013
Inventories at the end of the year		
Finished Goods	213,194,429	202,942,721
Work in Progress	47,260,441	18,409,463
Scrap	25,820	86,328
Traded Goods	6,022,442	3,696,896
	266,503,132	225,135,409
(Increase) / Decrease in inventories	(41,367,723)	8,316,605
a) Details of Inventory		
Finished Goods		
High Tensile Fasteners	213,194,429	202,942,721
	213,194,429	202,942,721
Work-in-progress		
High Tensile Fasteners	47,260,441	18,409,463
	47,260,441	18,409,463
Traded Goods		
Fasteners	6,022,442	3,696,896
	6,022,442	3,696,896

	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 22: EMPLOYEE BENEFIT EXPENSE		
Salary, Wages & Bonus	317,562,097	293,406,481
Contribution to Provident & other Funds	20,968,674	20,750,548
Gratuity	7,521,211	3,723,668
Leave Encashment	4,533,548	2,302,627
Staff Welfare Expenses	9,646,913	9,841,750
Total	360,232,442	330,025,073

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.

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

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. 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, 2017	For the year ended March 31, 2016
NOTE 23: FINANCE COST		
Interest Expense	50,753,637	56,175,708
Other borrowing cost	2,317,531	1,901,626
Net exchange loss on foreign currency borrowings to the extent considered as an adjustment to interest cost	748,385	2,999,007
Interest on delayed payment of taxes	1,623,932	1,760,415
Total	55,443,485	62,836,756

	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 24: OTHER EXPENSES		
Consumption of Stores & Spares	327,446,905	336,474,548
Job Work Charges	126,764,746	114,465,608
Consumption Of Packing Materials	55,028,542	68,328,912
Power & Fuel	284,903,850	308,354,510
Rent	10,422,343	9,151,976
Repairs & Maintenance		
- Building	50,934,496	30,381,429
- Plant & Machinery	107,609,898	109,206,748
Security Charges	8,694,864	6,368,865
Insurance	7,722,759	5,496,156
Legal & Professional Charges	9,370,924	8,671,890
Rates And Taxes	4,695,501	2,917,152
Increase/(Decrease) In Excise Duty On Finished Goods	1,850,456	7,175,664
Sales Promotion	43,315,110	48,194,004
Freight Outward	120,967,764	108,633,021
Travelling & Conveyance	18,614,236	14,843,241
Contract Labour Charges	52,960,383	51,691,309
Payment To Auditors (Refer Details Below)	1,866,817	1,226,147
Commission To Director	17,100,000	14,100,000
CSR Expenses	6,280,176	4,583,800
Foreign Exchange Fluctuation	12,372	1,171,461
Provision For Doubtful Receivables	2,729,737	2,492,936
Bad Debts Written Off	87,022	13,533,518
Provision For Warranty Expenses	3,267,524	-
Miscellaneous Expenses	56,827,194	58,238,747
Total	1,319,473,617	1,325,701,640

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

a) Details of Imported and Indigenous Stores & Spares Consumed

	For the year ended March 31, 2017		For the year ended March 31, 2016	
	%	Value (₹)	%	Value (₹)
Imported	6.90%	22,582,594	19.42%	65,332,906
Indigenous	93.10%	304,864,311	80.58%	271,141,642
Total	100.00%	327,446,905	100.00%	336,474,548

b) Expenditure in foreign currency

	For the year ended March 31, 2017	For the year ended March 31, 2016
Travelling	3,713,305	3,357,809
Others	7,837,102	3,840,732
Total	11,550,406	7,198,541

c) Payment to Auditor(s)

	For the year ended March 31, 2017	For the year ended March 31, 2016
As Auditor		
- Statutory Audit	1,155,000	770,000
- Tax Audit	205,000	145,000
- Limited Review	120,000	120,000
	1,480,000	1,035,000
In Other Capacity		
- Other Matters	327,500	95,000
- Out of pocket expense	33,413	82,472
- Service tax	25,904	13,675
Total	386,817	191,147

	For the year ended March 31, 2017	For the year ended March 31, 2016
NOTE 25: EXCEPTIONAL ITEMS		
Profit On Compulsory Acquisition Of Land	-	2,532,483
(Loss) On Sale Of Other Fixed Assets	41,268,220	(12,649,994)
Provision For Doubtful Receivables Written Back	2,492,935	6,287,452
Others	-	(4,236)
Total	43,761,155	(3,834,295)

Note 26: Leases

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

The Company has taken some assets on Cancellable & Non Cancellable operating lease. Factory Premises, Nitrogen Plant, Transfarmer and Offices rent amounting to ₹ 10,422,343 (March 31, 2016: ₹ 9,151,976) has been debited to Statement of Profit and Loss for the year ending March 31, 2017. The Future minimum lease payment is as under:

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Not later than one year	4,406,676	5,303,068
Later than One year but not later than Five years	1,922,564	110,000
Later than Five years	-	-
Total	6,329,240	5,413,068

Details of Leasing Agreements are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
12-A, Southern Avenue, Maharani Bagh, New Delhi-110065	30.06.2017	No	Yes	No
D-1, Maharani Bagh, New Delhi-110065	09.09.2018	Yes	Yes	No
Two Tricotect Equipments	28.02.2018	No	Yes	No
Nitrogen Plant	25.05.2019	No	Yes	No
Office & Warehouse Space	31.03.2017	No	Yes	No
Office & Warehouse Space	14.06.2017	Yes	Yes	No
Office Space for Registered Office	30.06.2017	No	Yes	No

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
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NOTE 27 EARNING PER SHARES (EPS)

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

a) Profit after Tax	387,622,263	280,447,642
b) Weighted average equity Shares outstanding (Nos)	34,223,000	34,223,000
c) Earning per Share - basic/diluted (₹)	11.33	8.19

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)	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 Shanghai
Key Management Personnel	Mr. M. L. Aggarwal - Chairman Mr. Anil Aggarwal - Managing Director Mr. Atul Aggarwal - Whole Time Director & CFO Mr. Akhil Aggarwal - Director in Subsidiary Company Mr. D.C. Gupta - Director in Subsidiary Company Ms. Vaishali Singh - Company Secretary Mr. Anish Aggarwal - Relative of Key Management Personnel Mr. John Bankim Kaul - Director in Joint Venture Company (Resigned on 13.10.16) Mr. Johan Emiel Dewandeleer-Addl. Director(w.e.f. 20.12.2016) Mr. Ronald Ernest Baarslag - Director in Joint Venture Company

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

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

i) Enterprises over which Key Management Personnel has control and /or significant influence

	As at March 31, 2017			As at March 31, 2016		
	Sterling Tools Limited	Haryana Ispat Private Limited #	Sterling Fabory India Private Limited*	Sterling Tools Limited	Sterling Fabory India Private Limited*	
a) Interest Income						
Sterling Fincap Private Limited	-	706,149	-	-	-	-
b) Expenses paid- R&M						
Sterling Automobiles Private Limited	447,074	-	35,394	325,286	33,189	
Jaycee Automobiles Private Limited	815,657	-	-	331,507	-	
Fabory Netherlands			21,476			
c) Expenses paid- Insurance						
Jaycee Automobiles Private Limited	-	-	-	176,921		
Sterling Automobiles Private Limited	-	-	-	57,382		
d) Rent paid						
Haryana Ispat Private Limited	4,558,125	-	-	8,011,600	-	
Sterling Technologies Private Limited	150,000	-	1,287,205	-	1,276,664	
e) Purchase of Asset						
Sterling Automobiles Private Limited	2,709,952	-	-	1,663,926	-	
Jaycee Automobiles Private Limited	-	-	-	17,493,319	-	
Combori NV	-	-	-	-	-	42,348
f) Purchase of Material						
Fabory Netherlands (Including Goods in transit)	-	-	2,902,754	-	2,090,012	
Fabory USA Grand Rapids	-	-	20,118	-	1,423	
Fabory Canada Inc.	-	-	-	-	62	
Fabory Shanghai			27,893		-	
g) Expenses paid-Sales promotion						
Sterling Mobikes Pvt. Ltd.	19,151	-	-	-	-	
h) Advance given against car & received back						
Jaycee Automobiles Pvt. Ltd.	7,000,000	-	-	-	-	

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

	As at March 31, 2017			As at March 31, 2016	
	Sterling Tools Limited	Haryana Ispat Private Limited #	Sterling Fabory India Private Limited*	Sterling Tools Limited	Sterling Fabory India Private Limited*
ii) Transaction with Key Management Personnel & Their Relatives					
Remuneration Paid (Refer note 'iv' below)					
Mr. Manohar Lal Aggarwal	11,682,800	-	-	10,234,039	-
Mr. Anil Aggarwal	12,336,749	-	-	9,307,808	-
Mr. Atul Aggarwal	11,270,258	-	-	9,047,129	-
Ms. Vaishali Singh	1,479,644	-	-	1,301,953	-
Mr. Anish Aggarwal	400,196	-	-	1,077,018	-
				(Currency : ₹ except otherwise specified)	
Commission Paid					
Mr. Manohar Lal Aggarwal	5,700,000	-	-	4,700,000	-
Mr. Anil Aggarwal	5,700,000	-	-	4,700,000	-
Mr. Atul Aggarwal	5,700,000	-	-	4,700,000	-
iii) Closing Balances					
Remuneration Payable					
Mr. Manohar Lal Aggarwal	460,178	-	-	48,497	-
Mr. Anil Aggarwal	250,788	-	-	368,583	-
Mr. Atul Aggarwal	257,026	-	-	56,193	-
Ms. Vaishali Singh	95,446	-	-	103,412	-
Mr. Anish Aggarwal	-	-	-	19,244	-
Commission Payable					
Mr. Manohar Lal Aggarwal	3,727,344	-	-	3,073,424	-
Mr. Anil Aggarwal	3,727,344	-	-	3,073,424	-
Mr. Atul Aggarwal	3,727,344	-	-	3,073,424	-
Outstanding Balances					
Sterling Fincap Private Limited		21,699,400			
Sterling Automobiles Private Limited	23,082	-	-	28,811	-
Jaycee Automobiles Private Limited	5,139	-			
Fabory Netherlands	-	-	(748,832)	-	(840,944)
Combori NV	-	-	-	-	(42,348)
Fabory Canada Inc.	-	-	-	-	(62)
Fabory USA Grand Rapids	-	-	(1,092)	-	(1,421)
Fabory Shanghai			(1,368)	-	-

* 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.

Haryana Ispat Private Limited has been acquired by Sterling Tools Limited w.e.f. November 15, 2016, therefore previous year figures have not been disclosed.

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

- 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 Instrument	Number of Contracts	Amount of Hedged Foreign Currency
Forward Contracts			
As At March 31, 2017	Hedging- Imports		
	Hedging- Exports	7	EURO 646,034
As At March 31, 2016	Hedging- Imports	5	USD 1,350,850
	Hedging- Exports	5	EURO 300,000

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

Particulars	As at March 31, 2017 Sterling Tools Limited		As at March 31, 2017 Sterling Fabry India Private Limited#	
	Foreign Currency	₹	Foreign Currency	₹
Foreign Currency Exposure not hedged (Sell)	363,410 EURO	25,166,179	-	-
	18,623 USD	1,207,508	-	-
	68,012 GBP	5,500,798	-	-
Foreign Currency Exposure not hedged (Buy)	-	-	-	-
	42,399 USD	2,749,128	493 USD	32,435
	426,394 JPY	248,247	-	-
	-	-	11,186 EURO	796,238
	-	-	-	-

Particulars	As at March 31, 2016 Sterling Tools Limited		As at March 31, 2016 Sterling Fabry 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 Fabry India Private Limited have been disclosed on the basis of controlling interest of 50% of Sterling Tools Limited in Joint Venture Company

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

NOTE 30 CSR Expenditure

- (a) Gross amount required to be spent by the Company during the year 6,483,379
(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	1,021,000	Charity to eye hospital & other health welfare societies	6,280,176	203,203
		1,003,650	Childre Welfare related Activities & Societies		
		500,000	Payment to Golf Foundation		
		3,605,526	Payment to educational & other welfare societies		
		150,000	Others		

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 (₹)
Parent Company	March 31, 2017		March 31, 2017	
Sterling Tools Limited	102.90	1,642,561,146	100.24	388,567,814
Joint Venture Company				
Sterling Fabory India Private Limited	(2.76)	(44,020,492)	(0.36)	(1,390,971)
Subsidiary Company				
Haryana Ispat private Limited	(0.14)	(2,248,697)	0.11	445,421
Total	100.00	1,596,291,957	100.00	387,622,263

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 (₹)
Parent Company	March 31, 2016		March 31, 2016	
Sterling Tools Limited	103.30	1,333,679,120	101.32	284,152,538
Joint Venture Company				
Sterling Fabory India Private Limited	(3.30)	(42,629,518)	(1.32)	(3,704,896)
Total	100.00	1,291,049,691	100.00	280,447,642

Notes To Consolidated Financial Statements For The Year Ended March 31, 2017

(Currency : ₹ except otherwise specified)

Note 32: Movement of provision of Warranty

Opening Balance as on April 1, 2016	Actual utilisation/ Replacement during the year	Reversal during the year	Provision created during the year	" Closing Balance as on March 31, 2017 "
(A)	(B)	(C)	(D)	E= (A)-(B)-(C)+(D)
-	-	-	3,267,524	3,267,524
(-)	(-)	(-)	(-)	(-)

* Figures in bracket represents amount for the year ended March 31, 2016

Note 33: The details of specified Bank notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 as provided in the table below:

Particulars	SBNs	Other Denominations	Total
Closing cash in hand as on November 08, 2016	702,000	9,812	711,812
(+) Permitted Receipt	-	1,495,700	1,495,700
(-) Permitted Payments	-	815,730	815,730
(-) Amount Deposited in banks	702,000	1,000	703,000
Closing cash in hand as on December 30, 2016	-	688,782	688,782

Note 34

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, 2017.

Note 35

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 36

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, 2017.

Note 37

Since the consolidated financial statements of Sterling Tools Limited with its Subsidiary Company i.e. Haryana Ispat 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 38

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: 26 May, 2017

(Atul Aggarwal)
Chief Financial Officer
PAN : AAUPA6243R

(Vaishali Singh)
Company Secretary
PAN : AVIPS7863A

STERLING TOOLS LIMITED



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