

**STERLING TOOLS LIMITED**



**ANNUAL REPORT 2013 - 2014**



**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, Ballabhgarh  
Faridabad (Haryana)

**Board of Directors**

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

**Shri Anil Aggarwal**  
*Managing Director*

**Shri Atul Aggarwal**  
*Whole Time Director*

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

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

**Compliance Officer**

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

**Auditors****Statutory Auditor**

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

**Internal Auditor**

JRA & Associates  
Chartered Accountants  
B-15 (LGF), G.K. Enclave - II  
New Delhi - 110048 (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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# Directors' Report

Dear Members,

Your Directors are pleased to present the 35th Annual Report on the business and operations of your Company and Audited Accounts for the financial year ended March 31, 2014.

## Financial Results

The Company's performance for the Financial Year 2013-2014 vis-à-vis 2012-2013 is summarized as under:

(Rs. in Lacs)

Particulars	Financial Year	
	2013-2014	2012-2013
Revenue from Operations (Net)	30135.95	28250.59
Profit before interest, depreciation and tax	4165.22	3630.94
Interest	714.60	960.57
Depreciation	1029.84	940.76
Profit Before Tax (PBT)	2420.78	1729.61
Provision for Tax	858.36	642.09
Profit After Tax (PAT)	1562.42	1087.52
<b>Appropriations:</b>		
Interim Dividend	342.23	342.23
Proposed Dividend	-	-
Tax on Interim Dividend	58.16	55.52
Tax on Proposed Dividend	-	-
Transfer to General Reserve	155.00	110.00
Balance Carried to Balance Sheet	7126.25	6119.22

## Results of Operations

Despite operating in a volatile and uncertain economic environment, the Company demonstrated its best performance during the F.Y. 2013-14.

The highlights of the Company's performance during the F.Y. 2013-14 are as under:

- Revenue from operations increased by 6.50% to Rs. 33513.63 Lacs
- Exports increased by 41.87% to Rs. 3458.91 Lacs.
- PBDIT increased by 14.71% at Rs. 4165.22 Lacs
- Profit before Tax increased by 39.96% at Rs. 2420.78 Lacs.
- Net Profit increased by 43.67% to Rs. 1562.42 Lacs

The significant factors which led to increased profitability are as follows:

- Reduced Raw Material Cost.
- Change in Product Mix.
- Savings on account of reduced Finance Cost.

## Dividend

Keeping in view Sterling' tradition of high regard for its shareholders, the Directors had, in their meeting held on 22<sup>nd</sup> January, 2014, recommended 50% interim dividend for financial year 2013-2014 against the same rate of dividend i.e. 50% 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 2013-2014 and the interim dividend already declared and paid be considered as final dividend for the financial year 2013-2014.

The said dividend payout for the year under review has been formulated in accordance with shareholders' aspirations and the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

## Transfer to General Reserve

Out of the profits of the Company, a sum of Rs. 155.00 Lacs has been transferred to General Reserves during the year and total General Reserves of the Company are Rs. 1899.46 Lacs as on 31<sup>st</sup> March, 2014.

## 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, 2014, 98.99% of the Company's total paid-up Capital representing 6775271 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 31<sup>st</sup> March, 2014, the Company has Authorised Share Capital of Rs. 10,00,00,000/-and Paid Up Share Capital of Rs. 6,84,46,000/-. The equity shares of the Company are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. There are no arrears on account of payment of listing fees to the said Stock Exchanges.

The Promoters and Persons acting in concert with them hold 70.05% share Capital of the Company as on 31<sup>st</sup> March, 2014 as against 69.96% as on 31<sup>st</sup> March, 2013.

## Financial Performance of Joint Venture Company

Your Company has invested Rs. 4,75,75,000/-(Rupees Four Crores Seventy Five Lacs Seventy Five Thousand only) in Equity share Capital of Sterling Fabory India Private Limited, a Joint venture Company till 31<sup>st</sup> March 2014.

The Joint Venture Company made Gross Sales of Rs. 608.38 Lacs during the financial year 2013-2014. The said Joint Venture Company is involved in trading business of supplying fasteners in India and has started its operations in financial year 2010-2011. It is expected that the said Joint Venture Company will achieve its Break even in financial year 2015-2016.

## Credit Rating

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

## Corporate Social Responsibility Committee

As the provisions of Corporate Social Responsibility(CSR) as prescribed under section 135 of the Companies Act, 2013 are applicable to the Company, your directors have constituted the Corporate Social Responsibility Committee (CSR

Committee) in their meeting held on 30<sup>th</sup> May, 2014 comprising Shri Anil Aggarwal as the Chairman, Shri Atul Aggarwal and Shri C.R. Sharma as members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

## Particulars of Employees

As required by Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, a statement on information relating to employees has been given by way of **Annexure-I** to this Report.

## Capital Expenditure

As on March 31, 2014, the Gross Fixed Assets (including Capital WIP) stood at Rs. 18513.74 Lacs and Net Fixed Assets stood at Rs. 11222.10 Lacs. Additions during the year amounted to Rs. 1587.61 Lacs.

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

Information pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy, technology absorption & foreign exchange earnings and outgo are given by way of **Annexure-II** to this Report.

## Transfer of Amounts to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, 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 July 08, 2013 (date of last Annual General Meeting) on the Ministry of Corporate Affairs' website ([www.iepf.gov.in](http://www.iepf.gov.in)).

## Corporate Governance

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The Company has also implemented several best corporate governance practices. The Report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Clause 49, is attached to the Report on corporate governance by way of **Annexure-III**.

Your Company has made all the information, required by Investors, available on the Company's Corporate Website [www.stlfasteners.com](http://www.stlfasteners.com).

## Management discussion & Analysis

Management Discussion and Analysis Report covering issues relating to Industry structure, Opportunities, Challenges, Outlook and Performance etc. has been given separately and form part of this Annual Report as **ANNEXURE-IV**.

## Director's Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies (Amendment) Act, 2000, 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, 2014, 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, 1956. 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 31<sup>st</sup> March, 2014 on a 'going concern' basis.

## 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 Act and Clause 49 of the Listing Agreement.

## Material Changes and Commitments

There were no material changes and commitments, affecting the financial position of the Company that have occurred between the end of the financial year of the Company and the date of signing of this report.

## Directors

In terms of Article 89 of the Articles of Association and Sections 152 of the Companies Act, 2013, Shri Atul Aggarwal retires by rotation in the forthcoming Annual General Meeting and being eligible offer himself for re-appointment.

Further, the Board of Directors has recommended the appointment of Dr. T.N. Kapoor and Shri C.R. Sharma as Independent Directors for a period of 5 years w.e.f. 1<sup>st</sup> April, 2014.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Further Shri K.R. Gupta acting as Independent Director of our Company since 2001 has resigned on 22<sup>nd</sup> May, 2014 for health reasons. The Board of Directors has accepted his resignation vide its meeting held on 30<sup>th</sup> May, 2014 and placed on record the great contribution that he had made consistently to the deliberations of the Board. The Company had the benefit of his valuable advice during the long period of association with the Company.

## Statutory Auditors

### I) Appointment

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

### II) Report

The Auditors' Report and Notes on Accounts for the financial year 2013-2014 are self explanatory and therefore do not call for any further comments.

## Cost Auditors

The Company appointed M/s G.T. & Co., the Cost Auditors to conduct the cost audit of the Company' cost records for financial year 2013-2014.

The Audit Committee vide their meeting held on 30<sup>th</sup> May, 2014 has recommended the re-appointment of M/s G.T. & Co. for the financial year 2014-2015.

## Internal Control System

Your Company has instituted internal control systems which are adequate for the nature of its business and the size of its operations. 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 our operations and plant trees

## Quality Management System

Sterling Tools Limited has three units- Wire drawing unit which supplies Raw Material is certified for ISO -9001:2008.

Manufacturing units at Faridabad and Prithla are certified for TS-16949:2009. Our Plant at Prithla is certified for AS 9100 B.

Laboratory at Faridabad is NABL accredited and aligned to ISO -17025:2005. Faridabad plant is certified under Environment Management systems ISO -14001:2004.

## Subsidiaries

Your Company does not have any subsidiary Company.

## Cash Flow Analysis

In compliance with the provisions of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended 31-03-2014 is annexed hereto.

## 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 the Company's executives, staff and workers.

Your Directors look forward to their continued support.

for and on behalf of the Board

Date: 30<sup>th</sup> May, 2014  
Place: Faridabad

M. L. Aggarwal  
Chairman  
DIN No. 00027380

## Annexure – I to Directors’ Report

Information as per Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors’ Report for the year ended 31<sup>st</sup> March 2014.

Name of the Employee	Designation and nature of duties	Remuneration (Rs)	Qualifications	Age in years	Experience in years	% of Share holding	Date of commencement of employment	Last employment held and designation
1.Mr. M. L. Aggarwal	Chairman	91,63,992	B. Sc.	84	60	11.27	07.06.1979	NONE
2.Mr. Anil Aggarwal	Managing Director	85,22,122	B. Com.	56	35	22.91	07.06.1979	NONE
3. Mr. Atul Aggarwal	Whole Time Director (Finance & Marketing)	83,43,299	MBA	50	25	25.17	01.07.1989	NONE

### Note:

1. Remuneration means gross remuneration calculated in accordance with provisions of Section 198 of the Companies Act, 1956.
3. The nature of employment in all cases is contractual.
4. The above employees are directors in whole time employment with the Company and are related to each other.
5. There is no other employee employed during the year drawing remuneration of more than Rs. 5,00,000 p.m.

## Annexure - II to Director’s Report

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 217 (1) (e) of the Companies Act, 1956 and Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

### A. Conservation of Energy

- 1) Measures taken :
  - a) The hot water generator system relaid to make it more efficient. Provision made to isolate systems which are not used
  - b) The old furnace reel innng done to reduce power consumption.
  - c) Variable speed drive installed and optimisation carried out in the air line to reduce power consumption
  - d) New shop floor light used are energy efficient /LED lights
  - e) Small Kaizens carried out in each section to conserve energy
  - f) In some forging machines and rolling machine drive introduced to reduce energy consumption
- 2) Additional investment proposals, if any, for reduction of consumption per unit production :
  1. The Air pipeline in being changed with aluminium pipe to reduce the distribution loss.
  2. Energy consumption monitoring instrument is being purchased to carry out study of energy consumption on continuous basis and optimising it.
- 3) Impact of (1) & (2) : Optimum use of energy
- 4) Total energy consumption and energy consumption per unit of production. : As given in Form A (enclosed)



## B. Technology Absorption

- 1) Specific areas : This year the focus was on consolidation of the technology absorbed in the previous years and horizontal deployment of the same.
- 2) Benefits : With the consolidation of the technology we could horizontally deploy the same in other units
- 3) Future plan of action : Continue in using the facilities in technical centre to have a deeper understanding of the product and process  
  
Carry out trials and validation and product benchmarking  
  
Develop capability to work on part former  
  
Develop automatic inspection system for studs and taper plugs  
  
Improve material handling system
- 4) Expenditure on R&D : The Company has not incurred any expense towards R&D during the Financial Year under review.

## Technology Absorption, Adaptation & Innovation

- 1) Efforts made : During the year under review, the Company has entered into a Technology Tie-up with Illinois Tool Works, a USA based company for importing Technology for manufacturing of Fasteners. The Company keeps itself updated with latest technological innovations by way of constant communication, personal discussions and visits to foreign countries/plants.

## C. Foreign Exchange Earnings and outgo:

- 1) Efforts : The company made exports worth Rs. 3458.90 Lacs in the year as compared to Rs.2438.05 Lacs in the previous year decreased by 41.87% approx.  
  
In the last few years we have added new customers in our portfolio across the world. Most of our existing customers have shown their keen intent to engage with STL as their preferred supplier and work as a long term strategic partner, resulting in increased business and new part development. This intent is based on the demonstrated ability to supply superior quality and critical parts to our customers.  
  
In our endeavour to attach new customers and reinforce our relationships with existing ones, we have participated in trade shows and fairs across the world which as led to the generation of new enquiries.
- 2) Earnings and Outgo : (1) Foreign Exchange earnings Rs. 345,890,916.00  
  
(2) CIF Value of imports Rs. 202,646,812.00  
  
(3) Expenditure in Foreign Exchange Rs. 6,911,181.00

## Form A

### a) Power and fuel consumption

	Current Year	Previous Year
1. Electricity		
(a) Purchased		
Unit (KWH' 000)	25837	18777
Total amount (Rs in lacs)	1946	1214
Rate/unit (Rs)	7.53	6.47
(b) Own generation		
I. Through diesel generator		
Unit (KWH'000)	2108	7047
Unit per ltr of diesel oil	3.52	3.59
Cost/unit (Rs)	14.33	10.84
II. Through steam turbine/generator	Nil	Nil
Units		
Units per ltr of fuel oil/gas		
Cost/units		
2. Coal (specify quantity and where used)	Nil	Nil
Quantity (tonnes)		
Total cost		
Average rate		
3. Furnace Oil	Nil	Nil
Quantity (K.ltrs)		
Total amount		
Average rate		
4. Other/internal generation	Nil	Nil

### b) Consumption per unit of production

(Per MT of High Tensile Fasteners)		
Electricity (in KWH)	1116	858
Diesel (in Liter)	26	90
Coal (specify quality)	Nil	Nil
Others (specify)	Nil	Nil

## Annexure - III to Director's Report

### Report on Corporate Governance

Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We continue to believe strongly in adopting and adhering to the best Corporate Governance Practices and benchmarking itself against the industry's best practices. We consider stakeholders as partners in our success, and we remain committed to maximizing stakeholder value, be it shareholders, employees, suppliers, customers, investors or society as a whole.

#### Statement on Company's philosophy

Corporate governance is a set of practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to ensure to meet stakeholders' aspirations and societal expectations. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in each and every action of management.

The demands of corporate governance require professionals to raise their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics. Your Company is committed to meet the aspirations of all our stakeholders. This is demonstrated in consistent high returns to shareholders, sound credit ratings, governance processes, employees' satisfaction and the customers have also benefited from high quality products delivered at extremely competitive prices.

#### The Governance Structure

The Company's Corporate Governance philosophy has following tiers:

- i. Strategic Supervision – by the Board of Directors comprising the Executive and Non Executive Directors.
- ii. Executive Management – by the Executive Management comprising of the Chairman, MD and Whole time Director.
- iii. Operational Management – by the concerned Departmental Heads/Operation Heads under the supervision of Management Committee.

The said governance structure besides ensuring greater management accountability and credibility, facilitates increased autonomy of business, performance discipline and development of business leaders, leading to public confidence.

#### 1. Composition and Responsibility of Board of Directors

The composition of Board of Directors is in conformity with Clause 49 of the Listing Agreement, as amended from time to time.

The Board of Directors alongwith its Committee provide necessary guidance, leadership to Company' Management and directs, supervises and control the affairs of the Company in order to achieve its Corporate Goals.

All Independent directors are in compliance with the requirements of Listing Agreement for being an Independent and have confirmed that they meet the "Independence Criteria" as mentioned under clause 49 of Listing Agreement.

As of 31<sup>st</sup> March, 2014, the Board of Directors of the Company ("the Board") has an optimum combination of directors.

The Board comprises of six directors and in order to ensure the independence of the Board, half of the directors are independent directors.

Name of the Directors	Category of directorship	No. of Directorships* held in other companies	No. of Chairmanship/ Membership in Board Committee of other companies	
			Chairman	Member
Shri. M.L. Aggarwal	Chairman & Executive Director	0	Nil	Nil
Shri. Anil Aggarwal	Managing Director	0	Nil	Nil
Shri. Atul Aggarwal	Whole Time Director	0	Nil	Nil
Dr. T. N. Kapoor	Non Executive Independent Director	4	5	6
Shri. K. R. Gupta	Non Executive Independent Director	1	3	Nil
Shri. C. R. Sharma	Non Executive Independent Director	2	Nil	4

- 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.

### 1.1 Board Meetings and Procedures thereof:

The Board of the Company comprises of professionals and learned executives having in depth knowledge of their respective fields to oversee the overall functioning of the Company.

Minimum of 4 meetings of the Board are held every year with a gap of not more than 4 months between two meetings. Besides this, the members of the Board meet to consider various matters as and when required

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

### 1.2 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 includes:

- 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/Admn. 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 Clause 49(ii) (d) of Listing Agreement.

### 1.3 Details of Board Meetings held during the Financial Year

During the Financial Year 2013-2014, the Board met 4 times—on 13<sup>th</sup> May, 2013, 25<sup>th</sup> July, 2013, 29<sup>th</sup> October, 2013 and 22<sup>nd</sup> January, 2014.

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	Yes
Shri K. R. Gupta	4	Yes
Shri C. R. Sharma	4	Yes

## 1.4 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 2013-2014 are given below:

(Amount in Rs.)

Name of the Director	Salary and other Allowances	Commission	Perquisites	Total
Shri. M. L. Aggarwal	62,64,665	27,20,000	1,79,327	91,63,992
Shri Anil Aggarwal	56,57,741	27,20,000	1,44,381	85,22,122
Shri Atul Aggarwal	53,20,560	27,20,000	3,02,739	83,43,299

### Non-executive Directors

The Non-Executive Directors are entitled to sitting fee for attending the Board / Committee Meetings. A sitting fee of Rs. 20000/- 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, 1956 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.

Sterling Tools Limited has no stock option plans and hence, such instruments do not form a 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 2013-2014, the Company did not advance any loans to any of the executive and/or non-executive directors.

During the Financial Year 2013-2014, the sitting fees paid to Independent directors is detailed below:

(Amount in Rs.)

Name of the Director	Board Meeting	Audit Committee	Investors grievance Committee	Remuneration Committee	Share Transfer Committee
Shri K. R. Gupta	80000	80000	80000	0	60000
Shri T. N. Kapoor	80000	80000	80000	0	0
Shri C. R. Sharma	80000	80000	0	0	0
<b>TOTAL</b>	<b>240000</b>	<b>240000</b>	<b>160000</b>	<b>0</b>	<b>60000</b>

## 1.5 Details of shareholding of Directors as on 31.03.2014 are given as under:

Name of the Director	No. of Equity Shares	% of Holding
Shri Manohar Lal Aggarwal	771016	11.27
Shri Anil Aggarwal	1568128	22.91
Shri Atul Aggarwal	1723331	25.18
Shri Triloki Nath Kapoor	Nil	Nil
Shri Khushi Ram Gupta	Nil	Nil
Shri Chhotu Ram Sharma	Nil	Nil

## 2. Committee(s) of the Board

The Board of the Company has constituted its different Committees for regulating various working aspects of the Company.

At present the Company has four Board Committees:

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

### 2.1 Audit Committee

The constitution, quorum, scope etc. of the Audit Committee is in line with the Companies Act, 1956 and provisions of the Listing Agreement.

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)
- Shri Anil Aggarwal – Member(Managing Director)

Shri K.R. Gupta who was acting as Chairman of Audit Committee since 2001 resigned on 22<sup>nd</sup> May, 2014.

The role and terms of reference of the Audit Committee cover areas mentioned in the Clause 49 of Listing Agreement 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 2013-2014, the Audit Committee met 4 times – on 13<sup>th</sup> May, 2013, 25<sup>th</sup> July, 2013, 29<sup>th</sup> October, 2013 and 22<sup>nd</sup> January, 2014. The attendance of each Member of the Committee is given below:

Name of Directors	No. of Meetings attended
Shri. K. R. Gupta	4
Shri. C. R. Sharma	4
Shri. T. N. Kapoor	4
Shri. Anil Aggarwal	4

## 2.2 Stakeholders' Relationship Committee

The name of this committee was changed from Shareholders' / Investors' Grievances Committee to 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)

Shri K.R. Gupta who was acting as member of Stakeholders' Relationship Committee since 2001 resigned on 22nd May, 2014.

### 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 2012-2013 the Committee met 4 times-on 13th May, 2013, 25th July, 2013, 29th October, 2013 and 22nd January, 2014 to review the grievances / complaints received from Shareholders.

1.	Number of shareholder's complaints received during the financial year 2013-2014	NIL
2.	Number of shareholder's complaints solved to the satisfaction of shareholders.	NIL
3.	Number of pending shareholders' complaints	NIL

## 2.3 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)

Shri K.R. Gupta who was acting as member of Share Transfer Committee since 2001 resigned on 22nd May, 2014.

## 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 2013-2014 the committee met 14 (Forteen) times.

## 2.4 Nomination and Remuneration Committee

The name of this committee was changed from Remuneration Committee to Nomination and Remuneration Committee. This committee comprises of following Directors:

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

Shri K.R. Gupta who was acting as member of Nomination and Remuneration Committee since 2001 resigned on 22nd May, 2014.

### Terms of Reference

The role and terms of reference of the Nomination and Remuneration Committee cover areas mentioned in the Clause 49 of Listing Agreement with Stock Exchange, which, among others, include:

- to formulate the remuneration policy for all executive directors including retirement benefits to be paid to them and deal with matters pertaining to Employees' Stock Option Schemes
- to adhere proper disclosure of remuneration paid /payable to Executive of the Company during any financial period
- to identify and ensure disclosure of all pecuniary relationship or transaction with Executive Directors of the Company.
- to ensure compliance of all statutory laws related to remuneration policy
- to obtain outside legal or professional advice and to access the criteria and industry benchmarks for formulation of remuneration package of Executive Directors
- to recommend the appointment/removal and fix the remuneration of Executive Directors of the Company
- Any other Powers /responsibilities, as the Board of directors may from time to time, delegate by a resolution.

## Meetings of Nomination and Remuneration Committee

During the Financial Year 2013-2014, there was no meeting of Remuneration Committee held.

## 2.5 Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee ('CSR Committee') was constituted at the Board meeting held on May 30, 2014 as required under the provisions of Section 135 of the Companies Act, 2013.

### i) 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.

### ii) Composition:

The CSR Committee comprised of 1 Non-Executive Director and 2 Executive Directors.

The Members at the Committee are as follows-

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



### 3. Compliance Officer

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

5ADLF Industrial Estate, Faridabad-121003

Tel.: 91-129-2270621-25 (Extn. 146)

Email: vaishalis@stlfasteners.com

### 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 Subsidiary Companies

The Company doesn't have any subsidiary.

### 5 Disclosures

#### 5.1 Details of shares held by the Directors and dividend paid to them for the Financial Year 2013-2014.

No. of Equity Shares	Name of the Director	Dividend paid during the Financial year 2013-14 (In Rs.)
771016	Shri Manohar Lal Aggarwal	3855080.00
1568128	Shri Anil Aggarwal	7840640.00
1722800	Shri Atul Aggarwal	8614000.00
Nil	Shri Triloki Nath Kapoor	Nil
Nil	Shri Khushi Ram Gupta	Nil
Nil	Shri Chhotu Ram Sharma	Nil

#### 5.2 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.

#### 5.3 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.

## **5.4 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

Besides the above said investment, the Company has not made any investment in any other group company or any outside company as well as has not provided any loan / advance to any of its directors or to any group Company in which directors are interested.

## **5.5 Details of Compliance with Mandatory requirements of Clause 49 of Listing Agreement**

The Company has duly complied with all the mandatory provisions of Clause 49 of Listing Agreement.

## **5.6 Other Information**

### **Information to Directors**

The Board of Directors has complete access to the information within the Company.

Presentations are made regularly to the Board / N&R / Audit Committee (AC) (minutes of AC & N&R are circulated to the Board), where Directors get an opportunity to interact with senior managers. Presentations, inter alia, cover business strategies, management structure, quarterly and annual results, budgets, review of Internal Audit, risk management framework.

Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board / Committee meetings when senior company personnel are asked to make presentations about performance of the to the Board.

### **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.

### **Nomination and Remuneration Committee**

The remuneration of Executive Personnel as well as Non Executive Directors / Independent Directors of the Company is fixed by the Nomination and Remuneration Committee. The necessary details of Nomination and Remuneration committee is elsewhere provided in the Report.

### **Training of Board Members/Mechanism for evaluating non-executive Board Members**

All the Board Members are experts in their respective fields and are well aware of company's business model and risk profile. If need be, the training will be organised by the Company.

The Independent directors of the Company are also members on the Board of other Companies and Committees thereof. All of them actively take part in the deliberations at the Board Meetings and contribute effectively to the business.

### **Risk Management Framework**

The Company has in place mechanisms to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly defined framework.

### **Statutory Auditors**

The Board has recommended to the shareholders, the re-appointment of M/s S.R. Dinodia & Co., LLP(SRD) as auditors. SRD has furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declaring that they have not taken up any prohibited non audit assignments for the Company. Mr. Sandeep Dinodia has signed the audit report for 2013-14 on behalf of SRD and there is no Audit Qualification by the Statutory Auditors.

### **Shareholders' rights**

The financial performance and summary of significant events etc. are made available on the website of the Company in the form of Quarterly/Half yearly results. The same are published in two Newspapers-English and Vernacular and are also sent to Stock Exchanges.

## Whistle Blower Policy/Vigil Mechanism

The Company has not adopted any separate “Whistle Blower Policy”. The Company is however in process of formulating a Policy to be known as “ Whistle Blower Policy including Vigil Mechanism” to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company’ code of business conduct and ethics.

## 6. Management

### 6.1 Management Discussion and Analysis

A detailed Management Discussion and Analysis forms part of the Directors’ Report as **ANNEXURE-IV**.

### 6.2 Disclosures by Management to the Board

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested directors neither participate in the discussion nor do they vote on such matters.

## 7. Shareholders

### 7.1 Disclosures regarding appointment or re-appointment of Directors

The Company has provided all the details of the directors seeking appointment or re-appointment in the AGM Notice enclosed with this Annual Report.

### 7.2 Communication to Shareholders

The Board recognizes the importance of two-way communication with shareholders and giving a balanced report of results and progress and responding to questions and issues raised in a timely and consistent manner. The Company website ([www.stlfasteners.com](http://www.stlfasteners.com)) has information for institutional and retail shareholders alike. Shareholders seeking information related to their shareholding may contact the Company directly.

The quarterly/half yearly results are being furnished to stock exchanges and also are being published in leading English Newspaper - Financial Express (All Edition) and Hindi Newspaper - Dainik Mahalakshmi, Delhi and are displayed on the website of the Company—[www.stlfasteners.com](http://www.stlfasteners.com).

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.

### 7.3 General Body Meetings

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

Financial Year	Date	Time	Venue	Special Resolution
2012–2013	08.07.2013	9:30 A.M.	Lakshmipat Singhania Auditorium, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	-NONE-
2011–2012	06.07.2012	9:30 A.M.	Lakshmipat Singhania Auditorium, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	Appointment of relative of Director to an office of profit.

Financial Year	Date	Time	Venue	Special Resolution
2010–2011	08.07.2013	9:30 A.M.	Lakshmipat Singhania Auditorium, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	Power to Borrow Money, pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956, upto Rs. 150 Crores.

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

Date	Time	Special Resolution
08.07.2013	09:30 A.M.	-NONE-
06.07.2012	09:30 A.M.	i. Appointment of relative of a Director to an office of profit.
06.07.2011	09:30 A.M.	-NONE-

#### 7.5 Special Resolution through Postal Ballot:

No special resolutions were required to be put through postal ballot last year.

No special resolution requiring postal balloting as recommended under Clause–49 of the Listing Agreement are placed for shareholders' approval at this meeting.

#### 8. CEO Certification

As required by Clause 49 of the Listing Agreement, the CEO certification is given elsewhere in the Annual Report.

#### 9. Report on Corporate Governance

This Corporate Governance Report forms part of the Annual Report. The Company is fully compliant with all the provisions of Clause 49 of the Listing Agreement of the Stock Exchanges of India.

#### 10. Compliance

A Certificate from the Statutory Auditors of the Company, confirming compliance with all the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement of the stock exchanges is annexed to the Directors' Report and forms part of the Annual Report.

#### 11. 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 Clause 49(1D) of Listing Agreement. This code is also posted on the website of the Company i.e. [www.stlfasteners.com](http://www.stlfasteners.com).

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, 2014. The Annual Report of the Company contains a certificate by the Managing Director & CEO in this regard.

## 12. General Shareholder Information

### (i) Annual General Meeting

Date	:	Tuesday, 2 <sup>nd</sup> September, 2014
Time	:	9:30 A.M.
Venue	:	<b>Lakshmipat Singhania Auditorium,</b> PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016

### (ii) Financial Calendar

		2014-2015
Financial Year	:	1 <sup>st</sup> April to 31 <sup>st</sup> March
Unaudited first quarter financial results	:	Second Half of July
Unaudited second quarter financial results	:	Second Half of October
Unaudited third quarter financial results	:	Second Half of January
Audited annual results for the year ending 31 <sup>st</sup> March 2014	:	Second Half of May

### (iii) Dividend Announcement

: The Board of Directors of Sterling Tools Limited has recommended an interim dividend of Rs. 5 per equity share (50%) for the financial year 2013-2014 in their meeting held on 22nd January, 2014 which has already been paid. Further, the Board of Directors have not recommended any final dividend for the Financial Year Ended 31st March, 2014. Dividend paid in the previous year was Rs. 5 per equity share (50%).

### (iv) Dates of Book Closure

: The Register of Members and Share Transfer Books of the company will remain closed from Saturday, 16th August, 2014 to Monday, 25th August, 2014 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 22nd January, 2014, has already been made on 1st February, 2014 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 28th January, 2014 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 28th January, 2014.

### (vi) 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, the Company has delegated the power of share transfer to R & T Agent- M/s Mas services Limited.

- (vii) **Registrar and Transfer Agent** : MAS Services Limited  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase-II,  
New Delhi-110020
- (viii) **Dematerialisation of Shares** : The Shares of the Company are in Compulsory Demat segment as on 31<sup>st</sup> March, 2014,  
The summarised position of shareholders in Physical and Demat segment as on 31<sup>st</sup> March, 2014 is as under:

Type of shareholding	No. of shareholders	Physical Shares	Demat Shares
Equity	2794	69329	6775271
Preference	NIL	NIL	NIL

- (ix) **Company's ISIN No.:** : **INE334A01015**

**Stock Code**

1. BSE, Mumbai : 530759  
2. NSE, Mumbai : STERTOOLS

(x) **Listing on Stock Exchange**

Shares of Sterling Tools Limited are listed on the following stock exchange:

1. Bombay Stock Exchange Limited, Mumbai (BSE) : 1<sup>st</sup> Floor, Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai-400 001  
2. National Stock Exchange of India Limited, Mumbai (NSE) : "Exchange Plaza", Plot No. C-1, Bandra Kurla  
Complex, Bandra (E), Mumbai-400 051

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

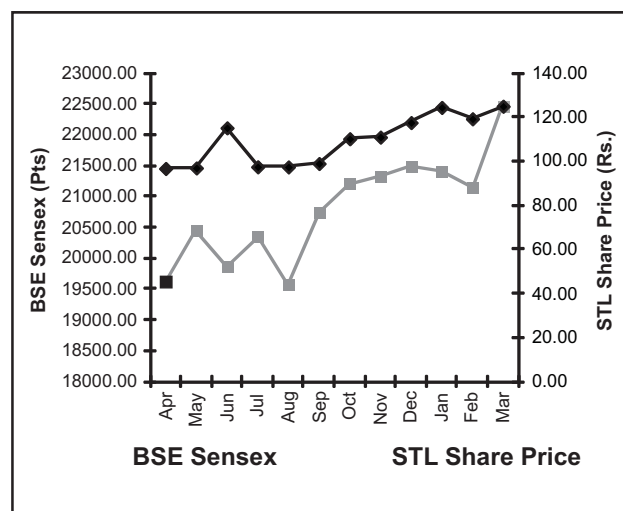
- (xii) **Address for correspondence** : Investors and Shareholders are requested to send all correspondence to the Registrar & Transfer Agent at the address given above.

- (xiii) **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.

**(xiv) Market Share price data on BSE during the financial year 2013-2014**

Month	High	Low
April 2013	96.75	89.95
May 2013	97.00	86.10
June 2013	115.20	90.00
July 2013	97.50	90.20
August 2013	97.45	91.35
September 2013	99.00	96.00
October 2013	110.25	93.20
November 2013	111.00	100.00
December 2013	117.60	107.00
January 2014	124.45	104.55
February 2014	119.30	106.00
March 2014	125.00	109.00

**Stock Price Performance-STL vs BSE Sensex  
Financial Year 2013-2014**



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

(Source of Information: BSE)

**(xv) Shareholding Pattern:**

	As on 31 <sup>st</sup> March 2014		As on 31 <sup>st</sup> March 2013	
	No. of shares	% to total Capital	No. of shares	% to total Capital
Promoters	4794875	70.05	4788664	69.96
Mutual Funds	24707	0.36	22400	0.33
NRIs and OCBs	23622	0.35	24297	0.36
Body Corporate	278431	4.07	297149	4.34
Indian Public	1722965	25.17	1712090	25.01
<b>Total</b>	<b>6844600</b>	<b>100.00</b>	<b>6844600</b>	<b>100.00</b>

**(xvi) Distribution of shareholding as on 31st March, 2014**

**Nominal Value of each shares – Rs. 10/-**

Number of Share Holders	% To Total	Share Holding of Nominal Value of Rs.			No. of shares	Amount in Rs.	% To Total
2468	88.332	1	TO	5000	286445	2864450	4.185
172	6.156	5001	TO	10000	134643	1346430	1.967
80	2.863	10001	TO	20000	126174	1261740	1.843
14	0.501	20001	TO	30000	34746	347460	0.508
5	0.179	30001	TO	40000	19272	192720	0.282
13	0.465	40001	TO	50000	60613	606130	0.886
15	0.537	50001	TO	100000	101699	1016990	1.486
27	0.966	100001	AND	ABOVE	6081008	60810080	88.844
<b>2794</b>	<b>100.00</b>	<b>TOTAL</b>			<b>6844600</b>	<b>68446000</b>	<b>100.00</b>

## CEO CERTIFICATION

I, Anil Aggarwal, Managing Director/CEO of Sterling Tools Limited, to the best of my knowledge and belief, certify that:

1. I 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 31-03-2014 and to the best of my 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 my 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 I am responsible for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
4. I 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 I have become aware and that involves management or an employee having a significant role in the Company's internal control system over financial reporting.

I further declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31-03-2014.

**Date : 28.05.2014**

**Place: Faridabad**

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



# **Auditors' Certificate on compliance of conditions of Corporate Governance as per clause 49 of the Listing Agreement with the Stock Exchange**

To the Members of

## **M/S. STERLING TOOLS LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Sterling Tools Limited, for the year ended on 31<sup>st</sup> March 2014, as stipulated in clause 49 of 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 has been limited to a review of the procedure 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 to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing agreement.

We 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

**(Sandeep Dinodia)**  
Partner  
M. No. 083689

Place : New Delhi

Dated: 28.05.2014

## Annexure - IV to Director's Report

### Management Discussion and Analysis Report

The Management of Sterling Tools Limited is pleased to present Management Discussion and Analysis Report covering performance for the year 2013–2014 and outlook for the future. The report contains future predictions for the Company's business based on current scenario:

#### Industry Structure and Developments

The performance of Fastener Industry is linked to the automobile sector. The F.Y. 2013-14 was a sluggish year for the automobile Industry. A combination of factors - the general economic slowdown, high interest rates and increasing fuel prices - affected the Indian automobile industry to a large extent, resulting in a slide in sales volumes this financial year.

The overall Automobile Production grew by 4.04%, Domestic Sales grew by 3.53% and Export Sales grew by 7.21% during April–March 2014 as compared to the same period last year.

As per the industrial statistic furnished by **Society of Indian Automobile Manufacturers (SIAM)**, the trends in the Automobile industry for the Financial Year 2013-2014 as Compared to 2012-2013 are detailed below:

(Number of Vehicles)

Category Segment/ Sub segment	Production			Domestic Sales			Exports		
	April-March			April-March			April-March		
	2012-13	2013-14	% Gr	2012-13	2013-14	% Gr	2012-13	2013-14	% Gr
<b>I Passenger Vehicles ( PVs )</b>									
Passenger Cars	2423086	2311972	-4.59	1874055	1786899	-4.65	547222	550466	0.59
Utility Vehicles(UVs)	568538	563986	-0.80	553662	525942	-5.01	10423	41550	298.64
Vans	239434	196693	-17.85	237298	190844	-19.58	1769	1491	-15.72
<b>Total Passenger Vehicles (PVs)</b>	<b>3131058</b>	<b>3072651</b>	<b>-4.90</b>	<b>2665015</b>	<b>2503685</b>	<b>-6.05</b>	<b>559414</b>	<b>593507</b>	<b>6.09</b>
<b>II Commercial Vehicles(CVs)</b>									
<b>M&amp;HCVs</b>									
Passenger Carriers	51382	41175	-19.86	46913	38709	-17.49	7562	7104	-6.06
Goods Carriers	229295	180451	-21.30	221776	161918	-26.99	11962	16709	39.68
<b>Total M&amp;HCVs</b>	<b>280677</b>	<b>221626</b>	<b>-21.04</b>	<b>268689</b>	<b>200627</b>	<b>-25.33</b>	<b>19524</b>	<b>23813</b>	<b>21.97</b>
<b>LCVs</b>									
Passenger Carriers	50058	45136	-9.83	47827	42799	-10.51	3057	2254	-26.27
Goods Carriers	50194	432102	-13.91	476695	389312	-18.33	57446	50989	-11.24
<b>Total LCVs</b>	<b>551972</b>	<b>477238</b>	<b>-13.54</b>	<b>524522</b>	<b>432111</b>	<b>-17.62</b>	<b>60503</b>	<b>53243</b>	<b>-12.00</b>
<b>Total Commercial Vehicles</b>	<b>832649</b>	<b>698864</b>	<b>-16.07</b>	<b>793211</b>	<b>632738</b>	<b>-20.23</b>	<b>80027</b>	<b>77056</b>	<b>-3.71</b>
<b>III Three Wheelers</b>									
Passenger Carrier	740716	733248	-1.01	441124	384923	-12.74	300473	351442	16.96
Goods Carrier	99032	96872	-2.18	97166	94711	-2.53	2615	1950	-25.43
<b>Total Three Wheelers</b>	<b>839748</b>	<b>830120</b>	<b>-1.15</b>	<b>538290</b>	<b>479634</b>	<b>-10.90</b>	<b>303088</b>	<b>353392</b>	<b>16.60</b>
<b>IV Two wheelers</b>									
Scooter/Scooterettee	3026512	3676193	21.47	2923424	3602744	23.25	91062	93931	3.15
Motor cycles/Step- Throughs	11925690	12471488	4.58	10085000	10479817	3.91	1862008	1982755	6.48
Mopeds	791954	732210	-7.54	788761	722920	-8.35	3308	7252	119.23
<b>Total Two wheelers</b>	<b>15744156</b>	<b>16879891</b>	<b>7.21</b>	<b>13797185</b>	<b>14805481</b>	<b>7.31</b>	<b>1956378</b>	<b>2083938</b>	<b>6.52</b>
<b>Grand Total of All Categories</b>	<b>20647611</b>	<b>21481526</b>	<b>4.04</b>	<b>17793701</b>	<b>18421538</b>	<b>3.53</b>	<b>2898907</b>	<b>3107893</b>	<b>7.21</b>

(Source of Information: SIAM)

## Opportunities & Threats

### Opportunities in Domestic and Export Market:

- In present scenario the Indian auto component companies have significant opportunities to take a giant leap. On one hand the domestic market is facing economic pressure which is forcing OEM players to localize their sourcing. On the other hand, global OEM players are hunting for low cost vendors in India to optimize their resources.
- The future of Automobile Sector is also bright as due to rise to incomes and developing middle class, the purchasing power of people has increased. Young population is escalating the demand for world class cars. Further with the improved infrastructure, commercial vehicles can access distant markets easily. Hence, their demands have increased by multiple folds. Easy availability of auto-finance makes vehicle purchases more easy.
- The aim of the Indian Government is to get India recognized as a global auto-manufacturing hub, therefore, the Government of India has also taken some initiatives for the improvement of Automobile Industry:
  - (a) Excise duty has been reduced on Cars, Motor Cycles, Scooters, Commercial Vehicles etc. till 30<sup>th</sup> June, 2014.
  - (b) The Government of India allows 100 per cent FDI in the automotive industry through automatic route.
- Low labour costs, availability of skilled labour and high quality consciousness among Indian vendors have spurred the growth of auto component exports from India
- Strong upside potential of replacement market demand.

Moreover, our Company is known for its quality products and we are expanding our business in Global Market opening Markets especially in European Countries.

### Threats

- The global economic uncertainties and domestic monetary tightening measures have built up a near term negative sentiment for the Indian auto component industry.
- The hike in fuel prices, increase auto loan interest rates affect the Automobile Industry adversely.
- The Indian auto industry is highly competitive with a number of global and Indian auto-companies present.

### Change in Outlook

The Indian auto component industry has been navigating through a period of rapid changes with great élan. Driven by global competition and the recent shift in focus of global automobile manufacturers, business rules are changing and liberalisation has had sweeping ramifications for the industry.

The Indian auto component industry is estimated to have a US\$ 66 billion turnover by 2015–16 and is expected to grow at a 14 per cent compound annual growth rate (CAGR) by 2013–2021, according to Automotive Component Manufacturers' Association of India (ACMA) – the nodal agency for the Indian auto component industry.

Further, the Auto Industry of India has been recording tremendous growth over the years and has emerged as a major contributor to India's GDP. This dynamic industry currently accounts for almost 7% of our GDP. The Indian Automobile Industry is estimated to grow at a compound annual growth rate (CAGR) of 13 per cent during 2012–2021.

### Challenges

The challenges for Fastener Industry include:

- a) The growth of Automobile Industry which affects the growth of Fastener Industry is a matter of concern.

- b) Increased prices of raw materials not getting adequately compensated from Customers leading to low margins.
- c) Stiff Competition with Organized as well as Unorganised Fastener Industries.

## Risk & Concerns

The risks that may affect the functioning of the Company include, but are not limited to:

- Slow Down in Automobile Industry
- Uncertainty in Economic & political Conditions

Your Company has a well defined Risk Management Strategy which is reviewed by the Audit committee/Board of Directors on regular basis for mitigating risk factors.

## Adequacy of Internal Controls

Your Company has a proper and adequate system of internal control commensurate with the size and nature of its business. The Company has also a well defined organisational structure, authority level and internal rules and regulations. The internal control systems have been fine tuned in line with the global practices and have been adapted keeping in mind our environment. Internal controls are in place at work sites and offices and are reviewed periodically.

ACEO and CFO Certificate forming part of the Corporate Governance Report confirm the existence of effective Internal Control Systems and procedures in the Company.

## Review of Operations

Revenue from Operations (Gross) for the year ended March 31, 2014 at Rs. 33513.63 Lacs did show the increase of 6.50% against Rs. 31467.20 Lacs for the previous year despite enormous competition in automotive and other sector.

- Operating profit, excluding other income was Rs. 4176.01 Lacs for the year 2013-2014 increased by 18.86% as compared Rs. 3513.38 Lacs for the year 2012-2013.
- Operating margin was 13.86% for the year 2013-2014 as against 12.44% for the year 2012-2013.
- Other income was Rs. 45.84 Lacs for the year 2013-2014 decreased by 16.70% as against Rs. 55.03 Lacs for the year 2012-2013.
- Interest expenses were Rs. 714.60 Lacs for the year 2013-2014 as against Rs. 960.57 Lacs for the year 2012-2013.
- Corporate tax liability including Deferred, Fringe Benefit and Wealth Tax Liability for the year was Rs. 859.79 Lacs for the year 2013-2014 as against Rs. 643.96 Lacs for the year 2012-2013.
- Net profit was Rs. 1562 Lacs for the year 2013-2014 increased by 43.68% as against Rs. 1088 Lacs for the year 2012-2013.
- Paid up equity share capital as on March 31, 2014 stood at Rs. 684.46 Lacs
- Earnings Per share (EPS) was Rs. 22.83 for the year 2013-2014 as against Rs. 15.89 for the year 2012-2013.
- Cash Earnings Per share (CEPS) was Rs. 37.87 for the year 2013-2014 as against Rs. 29.63 for the year 2012-2013.
- STL has contributed a foreign exchange to the tune of Rs. 3458.91 Lacs for the year 2013-2014 as against Rs. 2438.05 Lacs for the year 2012-2013.

## Human Resources Development

Your Company strongly and firmly believes that the growth of an organisation is directly linked with the growth of its Human Resources as they are the real assets of a Company who have to optimize the use of other materialistic resources. The Human Resources, in fact, act as the principal drivers who take the business growth of a Company to the next level of excellence.

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

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

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

As on 31st March, 2014, 627 employees are on STL'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 AUDITORS' REPORT

## TO THE MEMBERS OF M/S STERLING TOOLS LIMITED

### 1. Report on the Financial Statements

We have audited the accompanying financial statements of **M/S STERLING TOOLS LIMITED**, (“the Company”), which comprise the Balance Sheet as at **31<sup>st</sup> March, 2014**, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### 2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”) read with the General Circular No. 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

4. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

### 5. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014;
- (b) In the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### 6. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 (“the Order”) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular No. 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013;
- e. On the basis of written representations received from the directors as on 31<sup>st</sup> March 2014 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For S.R.DINODIA & CO. LLP.**  
**CHARTERED ACCOUNTANTS**  
**Reg. No. 01478N/N500005**

**(SANDEEP DINODIA)**  
**PARTNER**  
**M. NO. 083689**

**PLACE: NEW DELHI**  
**DATE : 30.05.2014**

# ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 6 of our audit report of even date)

## RE: M/S STERLING TOOLS LIMITED

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- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noted between the stocks as per physical verification and the book records have been properly dealt with in the books of account.
- (iii) As informed, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of paragraph 4(iii) (b), (c), (d), (f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices, there is no continuing failure to correct the weaknesses in the aforesaid internal control systems.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to explanation given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 and exceeding values of Rs.5 Lacs have been made at prices which are reasonable with regard to the prevailing market prices at the relevant times.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 58A, 58AA and the other relevant provisions of the Companies Act, 1956 and rules framed there-under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prime facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view of determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Customs duty, Excise duty, Service tax, Investor Education and Protection Fund and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs duty, Service tax, Investor Education and Protection Fund and cess and other material statutory dues were in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax, Customs duty, Sales tax, Service Tax, Wealth tax and Cess which have not been deposited with the appropriate authorities on account of any dispute.



The following dues of Excise duty have not been deposited by the Company on account of dispute:

Name of the Statute	Nature of Dues	Amount (Rupees)	Period to which amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty and Penalty	189,015,254	June 2006-Dec 2008	CESTAT, New Delhi
		106,987,422	Jan 2009-Oct 2010	CESTAT, New Delhi
		3,990,394	February 2010- March 2010	CESTAT, New Delhi
		5,326,546	November 2010- January 2011	CESTAT, New Delhi
		544,764	October 2004 - November 2004	Comissioner(Appeals), Customs & Central Excise, Delhi-IV, New CGO Complex, NH-IV Faridabad.

- (x) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks during the year. There were no dues payable to any financial institution or debenture holders.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) The company is not a chit fund or a nidhi mutual benefit fund society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and on the basis of information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvi) On the basis of information and explanation given to us, we are of opinion that the term loans were applied for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the company, in our opinion, funds raised on short term basis have not been used for long term investments.
- (xviii) During the year, the Company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xx) According to the information and explanation given to us, the company has not raised any money by way of public issue during the year covered under audit. Therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

**For S.R.DINODIA & CO. LLP.**  
**CHARTERED ACCOUNTANTS**  
**Reg. No. 01478N/N500005**

**(SANDEEP DINODIA)**  
**PARTNER**  
**M. NO. 083689**

**PLACE: NEW DELHI**  
**DATE : 30.05.2014**

## Balance Sheet as at March 31, 2014

(Amount in ₹)

PARTICULARS	Note No.	As At March 31, 2014	As At March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	3	68,446,000	68,446,000
Reserves and surplus	4	937,307,322	821,104,706
		1,005,753,322	889,550,706
<b>Non-current liabilities</b>			
Long-term borrowings	5	250,632,085	266,345,089
Deferred tax liabilities (Net)	6	130,745,516	120,855,945
Other Long term liabilities	7	5,284,008	5,094,746
Long-term provisions	8	5,528,111	5,050,559
		392,189,720	397,346,339
<b>Current liabilities</b>			
Short-term borrowings	9	330,558,164	499,445,249
Trade payables	10	205,152,223	155,336,075
Other current liabilities	11	115,511,099	150,935,256
Short-term provisions	8	18,815,926	6,887,250
		670,037,412	812,603,830
<b>TOTAL</b>		<b>2,067,980,454</b>	<b>2,099,500,875</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	12		
Tangible assets		1,093,902,086	1,067,188,648
Intangible assets		826,848	688,460
Capital work-in-progress		27,480,902	4,877,629
Non-current investments	13	47,575,000	37,500,000
Long-term loans and advances	14	55,912,177	36,759,183
		1,225,697,013	1,147,013,920
<b>Current assets</b>			
Inventories	15	358,035,967	402,724,575
Trade receivables	16.1	347,947,107	369,050,317
Cash and other Bank Balances	17	63,989,008	79,832,819
Short-term loans and advances	14	54,237,595	81,522,552
Other current assets	16.2	18,073,764	19,356,692
		842,283,441	952,486,955
<b>TOTAL</b>		<b>2,067,980,454</b>	<b>2,099,500,875</b>
Summary of 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

**FOR S.R. DINODIA & CO. LLP.**  
 CHARTERED ACCOUNTANTS  
 REGN. NO. 001478N/N500005

**(SANDEEP DINODIA)**  
 PARTNER  
 M. NO. 083689

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

**(ANIL AGGARWAL)**  
 Managing Director  
 DIN No. 00027214

PLACE: NEW DELHI  
 DATE : 30.05.2014

**(VAISHALI SINGH)**  
 Company Secretary

## Statement of Profit & Loss for the year ended March 31, 2014

(Amount in ₹)

PARTICULARS	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Income</b>			
Revenue from operations (Gross)	18	3,351,362,826	3,146,719,877
Less : Excise Duty		337,767,343	321,661,188
Revenue from operations (Net)		3,013,595,483	2,825,058,689
Other income	19	4,583,881	5,503,464
<b>Total Income (I)</b>		<b>3,018,179,364</b>	<b>2,830,562,153</b>
<b>Expenses</b>			
Cost of raw material consumed	20	1,260,118,410	1,248,910,857
Changes in inventories in finished goods, work-in-progress and Stock in trade	21	45,398,507	54,567,592
Employee benefits expense	22	260,760,087	240,731,449
Finance Cost	23	81,330,570	100,345,346
Depreciation and amortization expense	12	102,984,056	94,075,736
Other expenses	24	1,029,718,479	929,510,844
<b>Total expenses (II)</b>		<b>2,780,310,109</b>	<b>2,668,141,824</b>
<b>Profit before exceptional and extraordinary items and tax (I-II)</b>		<b>237,869,255</b>	<b>162,420,329</b>
Exceptional items	25	4,208,292	10,540,742
<b>Profit Before Tax</b>		<b>242,077,546</b>	<b>172,961,071</b>
<b>Tax Expense :</b>			
Current Tax		78,490,900	39,900,900
Deferred Tax		9,889,572	24,321,875
Tax adjustment for earlier years		(2,544,740)	(14,022)
<b>Profit after tax/Profit for the year</b>		<b>156,241,815</b>	<b>108,752,318</b>
<b>Earnings per equity share:</b>			
Basic / diluted earning per share	27	<b>22.83</b>	<b>15.89</b>
Summary of 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

**FOR S.R. DINODIA & CO. LLP.**  
CHARTERED ACCOUNTANTS  
REGN. NO. 001478N/N500005

**(SANDEEP DINODIA)**  
PARTNER  
M. NO. 083689

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

**(ANIL AGGARWAL)**  
Managing Director  
DIN No. 00027214

PLACE: NEW DELHI  
DATE : 30.05.2014

**(VAISHALI SINGH)**  
Company Secretary

## Cash flow statement for the year ended 31 March, 2014

(Amount in ₹)

	Year ended March 31, 2014	Year ended March 31, 2013
<b>A. Cash Flow from operating activities</b>		
Net Profit before tax	242,077,546	172,961,071
Adjustments for :		
Depreciation (Net)	102,984,056	94,075,736
Unrealized foreign exchange gain & loss	(101,083)	1,112,939
Wealth Tax & Income Tax Interest	1,214,112	678,134
(Profit)/ Loss on sale of fixed assets	(6,789,294)	(63,406)
Interest Expenses	71,460,030	96,057,072
Bad debt written off	19,417,040	-
Provision for Doubtful Debts	10,097,372	7,516,370
Operation profit before working capital changes	<b>440,359,779</b>	<b>372,337,915</b>
<b>Adjustment for :</b>		
Trade Receivables	(8,310,119)	27,253,580
Other Recievables	27,320,226	(17,966,218)
Inventories	44,688,607	65,379,301
Trade Payables	49,816,148	(25,316,736)
Other Liabilities	593,268	(9,316,317)
Provisions	641,975	1,388,979
	<b>114,750,105</b>	<b>41,422,587</b>
Net Cash generated from operations	<b>555,109,884</b>	<b>413,760,503</b>
Direct taxes paid	(66,794,980)	(35,264,988)
Net cash from operating activities (A)	<b>488,314,904</b>	<b>378,495,515</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(172,981,416)	(121,199,522)
Sale of fixed assets	13,111,377	2,048,126
Investment in Joint Venture Company	(10,075,000)	-
Net cash used in investing activities (B)	<b>(169,945,039)</b>	<b>(119,151,396)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long-term borrowings- from banks	76,451,525	123,440,737
Dividend paid including Dividend Tax	(40,039,199)	(79,549,652)
Repayment of long-term borrowings-to banks	(130,278,888)	(120,459,005)
Short Term Borrowings	(168,887,084)	(57,976,860)
Interest paid	(71,460,030)	(97,986,900)
Net cash used in financing activities (C)	<b>(334,213,676)</b>	<b>(232,531,680)</b>
Net increase in cash & cash equivalent (A+B+C)	<b>(15,843,811)</b>	<b>26,812,439</b>
Cash and Cash equivalents as at 01.04.2013 (Opening Balance)	79,832,819	53,020,381
Cash and Cash equivalents as at 31.03.2014(Closing balance)	<b>63,989,008</b>	<b>79,832,819</b>

Notes:-

- All figures in brackets are outflows.
- Cash & Cash Equivalent is Cash & Bank Balances as per Balance Sheet.
- Previous year figures have been regrouped/ restated wherever necessary.

As per our Audit Report of even date attached

For & on behalf of Board of Directors

**FOR S.R. DINODIA & CO. LLP.**  
CHARTERED ACCOUNTANTS  
REGN. NO. 001478N/N500005

**(SANDEEP DINODIA)**  
PARTNER  
M. NO. 083689

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

**(ANIL AGGARWAL)**  
Managing Director  
DIN No. 00027214

PLACE: NEW DELHI  
DATE : 30.05.2014

**(VAISHALI SINGH)**  
Company Secretary

## Notes to Financial Statements for the year ended March 31, 2014

### 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. Its shares are 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 of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956 ("the Act") as adopted consistently by the Company. The financial statements have been prepared on accrual basis and under the historical cost convention.

#### b. Use 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.

#### 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. 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 long term loans & Advances.

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 period of lease.

Depreciation on fixed assets is provided, on straight line method, at the rates prescribed in Schedule XIV to the Companies Act, 1956. The depreciation on assets acquired/sold/discarded during the year is provided from/up to the month in which the asset is commissioned/sold/discarded except in case of fixed assets costing up to ₹ 5,000/- where, depreciation is provided for the whole year.

#### d. Revenue recognition

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. The sales are accounted for net of trade discount, sales tax; sale returns but includes excise duty and price variations.

Income from Export Incentives viz. Duty Drawback and Focus Product Scheme is recognized at year end on accrual basis.

Interest Income is recognized on time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend Income is recognized when the company's right to receive dividend is established by the reporting date.

#### e. Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of raw material is determined on the basis of First-in-First-Out (FIFO) method.

The cost of manufactured finished goods and work-in-progress includes raw material value determined on the basis of First-in-First-Out (FIFO) method and includes conversion and other costs incurred in bringing the inventories to their present location and condition. Finished manufactured goods also include excise duty.

## Notes to Financial Statements for the year ended March 31, 2014

Provision is made for cost of obsolescence and other anticipated losses wherever considered necessary.

Stores & Consumables, Packing Materials and Tools & Dies are valued at lower of net realizable value or cost on the basis of Weighted Average Method.

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

### f. Employee's 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 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.

**Post Employment Benefit Plans:** Payments to Defined Contribution Retirements Benefit Schemes are charged as an expense as they fall due. For Defined Benefit Schemes, the cost of providing 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 profit and loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefit become vested. The retirement benefit obligation recognized 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.

**Terminal Benefits** are recognized as an expense immediately.

### g. Borrowing Cost

Borrowing costs that are attributable to the acquisition for construction of qualifying asset are capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue. Borrowing Cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings to the extent they are regarded as an adjustment to the interest cost.

### 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,** other than those entered into hedge currency risk on unexpected firm commitments or highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly as per Accounting Standard (AS) 11 ["The Effects of Changes in Foreign Exchange Rates"].

### i. Investments

Investments , which are readily realizable and 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

### j. Taxes on Income

Tax expense comprises current and deferred tax

## Notes to Financial Statements for the year ended March 31, 2014

**Current income-tax** is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. 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 items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

**Deferred income taxes** (asset/ liability) 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 the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

### k. Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to the maximum of depreciated historical cost and is accordingly reversed in the statement of profit and loss.

### 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.

### m. Leases

Lease arrangements where the risks and rewards incident to the ownership of assets substantially vests with the lessor, are recognized as operating leases. Lease rent under operating leases are recognized under statement of profit and loss on a straight line basis over the lease term.

### n. Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating Diluted Earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### o. Cash Flow Statement

Cash flows are reported using the indirect method as specified in Accounting Standard (AS-3) "Cash Flow Statement".

### p. Segmental 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 (Accounting Standard) Rules, 2006.

**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.

## Notes to Financial Statements for the year ended March 31, 2014

(Amount in ₹)

	As At March 31, 2014	As At March 31, 2013
<b>NOTE 3 : SHARE CAPITAL</b>		
<b>Authorised</b>		
10,000,000 (March 31, 2013: 10,000,000) Equity Shares of ₹ 10/- each	100,000,000	100,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
6,844,600 (March 31, 2013: 6,844,600) Equity Shares of ₹ Rs.10/- each fully paid up	68,446,000	68,446,000
	<b>68,446,000</b>	<b>68,446,000</b>

### (a) Reconciliation Statement of Equity Share Capital (Amount in ₹)

	March 31, 2014		March 31, 2013	
	No. of shares	Amount	No. of shares	Amount
No. of Shares at the beginning of the year	6,844,600	68,446,000	6,844,600	68,446,000
Add:- Addition during the year	-	-	-	-
Less:- Buy back during the year	-	-	-	-
No. of Shares at the end of the year	6,844,600	68,446,000	6,844,600	68,446,000

### (b) Terms/rights attached to Equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of Equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	March 31, 2014		March 31, 2013	
	No. of shares	Holding %	No. of shares	Holding %
(i) Mr. Manohar Lal Aggarwal, Promoter	771,016	11.27%	770,613	11.26%
(ii) Mr. Anil Aggarwal, Promoter	1,568,128	22.91%	1,567,149	22.90%
(iii) Mr. Atul Aggarwal, Promoter	1,723,331	25.18%	1,718,502	25.11%
(iv) Mr. Jagdish Kumar Aggarwal	390,730	5.71%	335,530	4.90%



## Notes to Financial Statements for the year ended March 31, 2014

(Amount in ₹)

	As At March 31, 2014	As At March 31, 2013
<b>NOTE 4 : RESERVE AND SURPLUS</b>		
<b>Capital Reserve</b>		
Balances at the beginning of the year	664,750	664,750
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Closing Balance	<b>664,750</b>	<b>664,750</b>
<b>Security Premium Reserve</b>		
Balances at the beginning of the year	34,071,500	34,071,500
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Closing Balance	<b>34,071,500</b>	<b>34,071,500</b>
<b>General Reserve</b>		
Balances at the beginning of the year	174,446,396	163,446,396
Add:- Addition during the year	15,500,000	11,000,000
Less:- Utilised during the year	-	-
Closing Balance	<b>189,946,396</b>	<b>174,446,396</b>
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balances at the beginning of the year	611,922,060	553,944,568
Add:- Addition during the year		
Balance of Statement of Profit & Loss	156,241,815	108,752,318
Less:- Utilised during the year		
Interim dividend paid	34,223,000	34,223,000
(Dividend amount per share ₹ 5 (March 31,2013: ₹ 5))		
Dividend Distribution Tax on Interim Dividend	5,816,199	5,551,826
Transfer to General Reserve	15,500,000	11,000,000
Closing Balance	<b>712,624,676</b>	<b>611,922,060</b>
<b>Total</b>	<b>937,307,322</b>	<b>821,104,706</b>

(Amount in ₹)

	Non Current portion		Current Maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>NOTE 5 : LONG TERM BORROWINGS</b>				
<b>Indian rupee loan from Banks (Secured)</b>				
-Term loans	220,632,085	206,330,868	73,017,886	81,090,280
- Working capital term loan	30,000,000	59,999,203	-	30,000,000
<b>From Others-Vehicle loan</b>				
-Vehicle loan	-	15,018	15,018	56,982
<b>Total</b>	<b>250,632,085</b>	<b>266,345,089</b>	<b>73,032,904</b>	<b>111,147,262</b>
Less: Amount disclosed under head "other current liabilities" (note 11)	-	-	(73,032,904)	(111,147,262)
<b>Net amount</b>	<b>250,632,085</b>	<b>266,345,089</b>	<b>-</b>	<b>-</b>

## Notes to Financial Statements for the year ended March 31, 2014

### NOTE 5 : LONG TERM BORROWINGS Contd..

- a) Term loan are secured by first equitable mortgage of certain Land & Building & hypothecation of Plant & Machinery & other fixed assets and personal guarantee by some of the directors of the company. The vehicle loans are secured by hypothecation of respective vehicles.
- b) Term Loan carries interest ranging from 11% to 12%.
- c) Working Capital Term Loan is secured by hypothecation of Stock in Trade, receivables, plant and machinery and other fixed assets, mortgage of certain Land and Building and personal guarantee by some of the directors of the Company.  
Repayment Profile of Term Loans is as set out below\*:

Bank/ Loan A/c No.	Nature of Loan	Balance No. of Installments	Installments Starting on	Installments ending on
OBC/806	Term Loan	28	April 2014	July 2016
OBC/148	Term Loan	59	April 2014	February 2019
OBC/131	Working capital term loan	12	April 2015	March 2016
SBI/2066	Term Loan	60	April 2014	March 2019
SBI/7881	Term Loan	60	January 2015	December 2019

(Amount in ₹)

	As At March 31, 2014	As At March 31, 2013
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### NOTE 6 : DEFERRED TAX LIABILITIES (NET)

#### Deferred Tax Liability

Fixed assets : Impact of difference between depreciation as per Income Tax Act and depreciation/amortization as per Companies Act.	140,319,427	128,714,299
<b>Total A</b>	<b>140,319,427</b>	<b>128,714,299</b>

#### 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	5,813,656	5,419,668
Lease Equalisation	328,158	-
Provision of doubtful debts	3,432,097	2,438,686
<b>Total B</b>	<b>9,573,911</b>	<b>7,858,354</b>
<b>Net Deferred Tax Liability (A-B)</b>	<b>130,745,516</b>	<b>120,855,945</b>

(Amount in ₹)

	As At March 31, 2014	As At March 31, 2013
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### NOTE 7 : OTHER LONG TERM LIABILITIES

Gratuity payable	2,460,633	2,870,098
Security Deposits	2,823,375	2,224,648
<b>Total</b>	<b>5,284,008</b>	<b>5,094,746</b>

## Notes to Financial Statements for the year ended March 31, 2014

(Amount in ₹)

	As at March 31, 2014	Long-term As at March 31, 2013	As at March 31, 2014	Short-term As at March 31, 2013
<b>NOTE 8 : PROVISIONS</b>				
<b>Provisions for employees benefits</b>				
Provision for Leave Encashment (refer note 22)	4,629,587	4,337,112	1,543,196	1,445,704
	<b>4,629,587</b>	<b>4,337,112</b>	<b>1,543,196</b>	<b>1,445,704</b>
<b>Other provisions</b>				
Provision for Lease Equalisation	898,524	713,447	66,931	-
Provision for Income Tax	-	-	17,062,299	5,254,146
Net of advance tax of March 31, 2014 ₹ 62,499,213 (March 31, 2013 ₹ 35,137,488)				
Provision for Wealth Tax	-	-	143,500	187,400
	<b>898,524</b>	<b>713,447</b>	<b>17,272,730</b>	<b>5,441,546</b>
<b>Total</b>	<b>5,528,111</b>	<b>5,050,559</b>	<b>18,815,926</b>	<b>6,887,250</b>

(Amount in ₹)

### CONTINGENT LIABILITIES

S. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
i)	Disputed Liability under Central Excise Act*(Including interest)	461,171,231	405,293,695
ii)	Letter of Credit (Net of Margin)	5,586,649	49,829,637
iii)	Bank Guarantee (Net of Margin)	1,535,902	1,934,106
iv)	Guarantee towards repayment of EMI of car loans taken by the employees from MUL	77,539	297,847
v)	EPCG –Export Obligation	-	60,854,594

\*Excise demand amounting to ₹ 189,015,254 for the period June 2006 to Dec 2008, ₹ 106,987,422 for the period January 2009 to October 2010, ₹ 3,990,394 for the period February 2010 to March 2010, ₹ 5,326,546 for the period Nov 2010 to January 2011 under Central Excise Act arises due to dispute regarding assessable value with reference to MRP against which appeals were filed before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), New Delhi. Based on the appeals the department has granted the Stay order (No. SO/677-678/2012-EX (DB)) dated 23 April 2012 against the demand of ₹ 189,015,254 for the period June 2006 to Dec 2008, ₹ 106,987,422 for the period January 2009 to October 2010. During the year, one demand order for ₹ 544,764 including penalty for the period October 2004 to November 2004 was received by the company against which appeals were filed before Commissioner (Appeals), custom & central excise, Delhi-IV, Faridabad. The said demand was raised due to wrong availment of CENVAT credit w.r.t duty paid on certain inputs viz. Bright Bars which itself are non-excisable. Based on the decisions of the Appellate Authorities and the interpretations of other relevant provisions, the company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

(Amount in ₹)

	As At March 31, 2014	As At March 31, 2013
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### NOTE 9 : SHORT TERM BORROWINGS

Loans from banks (Secured)

-Working Capital Facilities	330,558,164	483,527,776
- Buyers credit for capital goods	-	15,917,473
<b>Total</b>	<b>330,558,164</b>	<b>499,445,249</b>

## Notes to Financial Statements for the year ended March 31, 2014

- a) Working Capital Facilities include working capital demand loan, packing credit facilities, cash credits & buyers/ suppliers credit for raw material . The same are secured by hypothecation of all inventories including in transit, receivables, book debts, plant and machinery and other fixed assets, equitable mortgage of certain land and building, and personal guarantee by some of the directors of the Company. The outstanding balance is repayable on demand. Cash Credit carries interest ranging from 10% to 11%.
- b) Buyers credit for capital goods was secured by first mortgage of certain Land & Building & hypothecation of Plant & Machinery & other fixed assets and personal guarantee by some of the directors of the company.

(Amount in ₹)

	As At March 31, 2014	As At March 31, 2013
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### NOTE 10 : TRADE PAYABLES

Amount due to Micro Small and Medium Enterprise		
Principal Amount	584,680	4,195,847
Interest Payable	64,530	24,515
Amount due to others	204,503,013	151,115,713
<b>Total</b>	<b>205,152,223</b>	<b>155,336,075</b>

Pursuant to amendments to schedule VI to Companies Act, 1956 vide 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 :

(Amount in ₹)

S. No. Particulars	As At March 31, 2014	As At March 31, 2013
i) The Principal Amount & Interest due thereon remaining unpaid to any supplier as at end of the year		
Principal Amount	584,680	4,195,847
Interest	64,530	24,515
ii) The amount of Interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	64,530	24,515
iii) The amount of Interest accrued and remaining unpaid for the year	64,530	24,515

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.

(Amount in ₹)

	As At March 31, 2014	As At March 31, 2013
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### NOTE 11: OTHER CURRENT LIABILITIES

Current maturities of long-term borrowings (refer Note No. 5)	73,032,904	111,147,262
Interest accrued but not due	20,716	505,326
Advance from customers	14,266,939	10,424,477
Unclaimed Dividend	2,270,020	2,445,792
<b>Others:</b>		
Current portion of gratuity payable	2,691,999	2,566,012
Statutory Dues Payable	20,384,991	23,221,595
Creditors for Capital Expenditure	2,613,141	326,945
Other Payables	230,389	297,847
<b>Total</b>	<b>115,511,099</b>	<b>150,935,256</b>

The amount of unclaimed dividend does not include any sum payable to Investor Education & Protection Fund

## Notes to Financial Statements for the year ended March 31, 2014

### NOTE 12 : FIXED ASSETS

(Amount in ₹)

Particulars	Rates	Gross Block			Depreciation/ Amortization			Net Block		
		As at April 01, 2013	Addition	Deduction	as at March 31, 2014	As at April 01, 2013	For the year	Adjustment during the year	As at March 31, 2014	As at March 31, 2013
<b>A. Tangible Assets</b>										
Land		84,291,822	33,223,526	128,017	117,387,331	-	-	-	117,387,331	84,291,822
Buildings	3.34%	215,851,494	3,793,454	304,771	219,340,177	54,688,011	7,094,032	132,446	157,690,580	161,163,483
Leasehold Improvements (Buildings)		24,134,164	-	-	24,134,164	10,509,446	908,314	-	12,716,404	13,624,718
Plant and Equipment	7.42%	1,309,723,390	94,074,878	9,500,152	1,394,298,116	545,073,102	89,570,161	6,437,436	766,092,289	764,650,288
Furniture and fixtures	6.33%	14,867,505	1,794,962	-	16,662,467	7,617,959	839,776	-	8,204,732	7,249,546
Vehicles	9.50%	35,327,927	917,671	6,910,950	29,334,648	11,316,110	2,979,298	3,961,962	19,001,202	24,011,817
Office Equipments	4.75%	18,470,315	1,546,324	200,739	19,815,900	6,273,341	923,713	190,702	12,809,548	12,196,974
<b>Total</b>		<b>1,702,666,617</b>	<b>135,350,815</b>	<b>17,044,629</b>	<b>1,820,972,803</b>	<b>635,477,969</b>	<b>102,315,294</b>	<b>10,722,546</b>	<b>1,093,902,086</b>	<b>1,067,188,648</b>
<b>B. Intangible Assets</b>										
Computer software	33.33%	2,113,159	807,150	-	2,920,309	1,424,699	668,762	-	826,848	688,460
<b>Total</b>		<b>2,113,159</b>	<b>807,150</b>	<b>-</b>	<b>2,920,309</b>	<b>1,424,699</b>	<b>668,762</b>	<b>-</b>	<b>826,848</b>	<b>688,460</b>
<b>C. Capital Work in Progress</b>										
CWIP		4,877,629	75,264,087	52,660,815	27,480,902	-	-	-	27,480,902	4,877,629
<b>Total</b>		<b>4,877,629</b>	<b>75,264,087</b>	<b>52,660,815</b>	<b>27,480,902</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,480,902</b>	<b>4,877,629</b>
<b>Grand Total</b>		<b>1,709,657,405</b>	<b>211,422,052</b>	<b>69,705,444</b>	<b>1,851,374,014</b>	<b>636,902,668</b>	<b>102,984,056</b>	<b>10,722,546</b>	<b>1,122,209,836</b>	<b>1,072,754,738</b>
Previous Year		1,563,627,335	202,339,388	56,309,318	1,709,657,405	544,623,894	94,075,736	1,796,962	1,072,754,738	1,019,003,441

## Notes to Financial Statements for the year ended March 31, 2014

(Amount in ₹)

	As At March 31, 2014	As At March 31, 2013
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### NOTE 13 : NON-CURRENT INVESTMENTS

#### Trade Investment (Valued at cost unless stated otherwise)

Investment in Joint Venture Company (Unquoted Equity Shares)	47,575,000	37,500,000
2,155,000 Equity Shares (March 31,2013: 2,000,000) of ₹ 10 each fully paid up in Sterling Fabroy India Pvt. Ltd.		
<b>Total</b>	<b>47,575,000</b>	<b>37,500,000</b>

Aggregate cost of unquoted Investment ₹ 47,575,000 (March 31,2013: ₹ 37,500,000)

(Amount in ₹)

	As at March 31, 2014	Not-current As at March 31, 2013	As at March 31, 2014	Current As at March 31, 2013
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### NOTE 14: LOANS AND ADVANCES

<b>Capital Advances</b>	40,026,055	23,519,681	-	-
(Unsecured, considered good)				
<b>Security Deposits</b>	6,711,140	7,591,140	762,500	455,000
(Unsecured, considered good)				
<b>Advances recoverable in cash or in Kind</b>	80,000	80,000	34,934,022	62,441,183
(Unsecured, considered good)				
<b>Other Loans and advances (Unsecured considered good)</b>				
Advance Income Tax	3,590,058	2,191,097	-	-
Net of provisions of March 31, 2014 ₹ 98,912,993 (March 31, 2013 ₹ 200,659,000)				
Loan to employees	516,200	206,840	324,000	1,542,535
Prepaid Expenses	2,913,023	238,420	4,277,013	4,777,653
Balances with statutory/ government Authorities	2,075,701	2,932,005	13,940,061	12,306,181
<b>Total</b>	<b>55,912,177</b>	<b>36,759,183</b>	<b>54,237,595</b>	<b>81,522,552</b>

#### Capital Commitment:

- Estimated amount of contracts remaining to be executed on the capital account and not provided for in the account ₹ 73,505,104 (March 31,2013: ₹ 40,916,944).
- During the year, the company has 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 at future period. However, the quantum of such future liability is not quantified in the said letter.

(Amount in ₹)

	As At March 31, 2014	As At March 31, 2013
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### NOTE 15 : INVENTORIES

#### (valued at lower of cost or net realizable value)

Raw Materials (refer note 20)	111,357,280	110,322,888
Goods in Transit - Raw Material	8,162,778	2,871,248
Work in Process (refer note 21)	56,232,308	73,946,692
Finished Goods (refer note 21)	147,284,672	175,214,130
Stores, spares & Consumables	30,438,119	35,895,556
Goods in Transit - Stores, spares & consumables	-	473,845
Tools & Dies	3,797,497	3,482,239
Scrap (refer note 21)	763,313	517,977
<b>Total</b>	<b>358,035,967</b>	<b>402,724,575</b>

## Notes to Financial Statements for the year ended March 31, 2014

(Amount in ₹)

	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>NOTE 16.1 : TRADE RECEIVABLES AND OTHER ASSETS</b>				
(Unsecured, considered good unless stated otherwise)				
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Unsecured, considered good	-	-	9,141,538	5,996,490
Unsecured, considered doubtful	-	-	10,097,373	7,516,365
	-	-	19,238,911	13,512,855
Less: Provision for doubtful debts	-	-	10,097,373	7,516,365
<b>(A)</b>	-	-	<b>9,141,538</b>	<b>5,996,490</b>
Other Receivables	-	-	338,805,569	363,053,826
<b>(B)</b>	-	-	<b>338,805,569</b>	<b>363,053,826</b>
<b>Total (A+B)</b>	-	-	<b>347,947,107</b>	<b>369,050,317</b>

## NOTE 16.2 : OTHER ASSETS

(Unsecured, considered good unless stated otherwise)

Interest Accrued but not due	-	-	10,864	133,540
Export Incentive Receivable	-	-	18,062,900	19,223,152
<b>Total</b>	-	-	<b>18,073,764</b>	<b>19,356,692</b>

(Amount in ₹)

	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013

## NOTE 17 : CASH AND BANK BALANCES

### Cash & Cash Equivalents

Balances with Scheduled banks :

On current accounts			11,111,369	16,781,802
Deposits accounts with original maturity less than 3 months*			50,000,000	60,032,400
On unpaid dividend accounts			2,270,020	2,445,792
Cash in hand			607,619	377,179
			<b>63,989,008</b>	<b>79,637,173</b>

### Other Bank Balances

Deposit Accounts with original maturity more than 3 months

but less than 12 months	-	-	-	195,646
	-	-	-	<b>195,646</b>
<b>Total</b>	-	-	<b>63,989,008</b>	<b>79,832,819</b>

\* Fixed Deposits receipts amounting to ₹ Nil (March 31, 2013 ₹ 101,796) are pledged with the bank as margin for letter of credit / Bank Guarantee issued by them.

## Notes to Financial Statements for the year ended March 31, 2014

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
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### NOTE 18 : REVENUE FROM OPERATIONS

Sale of Products		
Finished Goods	3,283,347,887	3,074,116,339
Other Operating Revenues		
Steel Scrap Sale	42,431,142	47,401,342
Export incentives & Margins	25,583,797	25,202,196
<b>Revenue From Operations (Gross)</b>	<b>3,351,362,826</b>	<b>3,146,719,877</b>
Less: Excise duty#	337,767,343	321,661,188
<b>Revenue From Operations (Net)</b>	<b>3,013,595,483</b>	<b>2,825,058,689</b>

# Excise Duty on sales amounting to ₹ 337,767,343 (March 31, 2013 : ₹ 321,661,188) has been reduced from sales in statement of profit & loss and Excise duty on increase/decrease in stock amounting to ₹ (687,204) (March 31,2013 : ₹ 7,119,658) has been considered as (income)/expense in note 24 of financial statements.

#### a) Detail of Product sold

High Tensile Fasteners	3,283,347,887	3,074,116,339
	3,283,347,887	3,074,116,339

#### b) Earnings in foreign exchange

Export of goods (FOB)	345,890,916	243,805,262
	345,890,916	243,805,262

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
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### NOTE 19 : OTHER INCOME

#### Interest Income on

Fixed Deposits	76,012	951,246
Interest Received on electricity security deposit	369,012	144,000

#### Other non operating income

Miscellaneous Scrap	1,942,356	1,507,418
Sundry Balance Written Back	259,118	643,089
Debts written off recovered	594,208	-
Discount received	1,343,175	2,257,711
<b>Total</b>	<b>4,583,881</b>	<b>5,503,464</b>

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
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### NOTE 20 : COST OF RAW MATERIAL CONSUMED

Balance at the beginning of the year	110,322,888	115,480,331
Add : Purchases during the year	1,261,152,803	1,243,753,414
	1,371,475,691	1,359,233,745
Less:- Balance at the end of the year	111,357,280	110,322,888
<b>Cost of Raw Material Consumed</b>	<b>1,260,118,410</b>	<b>1,248,910,857</b>

#### a) Details of Raw material consumed

Cold Head Quality Steel Wire	1,260,118,410	1,248,910,857
	1,260,118,410	1,248,910,857

#### b) Details of Closing Inventory

Cold Head Quality Steel Wire	111,357,280	110,322,888
	111,357,280	110,322,888



## Notes to Financial Statements for the year ended March 31, 2014

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
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### NOTE 20 : COST OF RAW MATERIAL CONSUMED Contd..

c) CIF value of Imports		
Raw Materials	147,973,582	256,383,975
Consumable stores & tools	10,192,943	15,278,019
Capital goods	44,480,286	50,317,637
	<b>202,646,812</b>	<b>321,979,631</b>

	%	Value (₹)	%	Value (₹)
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d) Details of Imported and Indigenous Raw materials Consumed				
Imported	15.68	197,647,261	22.77	283,165,830
Indigenous	84.32	1,062,471,149	77.23	965,745,027
	100	1,260,118,410	100	1,248,910,857

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
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### NOTE 21: CHANGES IN INVENTORIES IN FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

#### Inventories at the beginning of the year

Finished Goods	175,214,131	182,251,714
Work in progress	73,946,692	121,716,790
Scrap	517,977	277,888
	<b>249,678,800</b>	<b>304,246,392</b>

#### Inventories at the end of the year

Finished Goods	147,284,672	175,214,131
Work in progress	56,232,308	73,946,692
Scrap	763,313	517,977
	<b>204,280,293</b>	<b>249,678,800</b>
<b>(Increase) / Decrease in inventories</b>	<b>45,398,507</b>	<b>54,567,592</b>

#### a) Details of Inventory

Finished goods		
High Tensile Fasteners	147,284,672	175,214,131
	<b>147,284,672</b>	<b>175,214,131</b>
Work-in-progress		
Parts of High Tensile Fasteners	56,232,308	73,946,692
	<b>56,232,308</b>	<b>73,946,692</b>

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
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### NOTE 22 : EMPLOYEE BENEFIT EXPENSE

Salary, Wages & Bonus	234,815,836	211,768,360
Contribution to Provident & other Funds	16,214,118	15,440,799
Gratuity	1,339,374	5,553,959
Staff Welfare Expenses	8,390,759	7,968,331
<b>Total</b>	<b>260,760,087</b>	<b>240,731,449</b>

## Notes to Financial Statements for the year ended March 31, 2014

### (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 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.

The Company recognized ₹ 12,809,791/- (March 31, 2013: ₹ 12,411,691/-) for provident fund contributions and ₹ 3,021,359/- (March 31, 2013: ₹ 2,880,438/-) for ESI contribution in the statement of profit and loss. The contribution payable to these plans by the Company is at rates specified in the rules of the schemes.

#### (ii) Defined Benefit Plan

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations.

The obligation for leave encashment is recognized in the same manner as gratuity.

**Actuarial Valuation is as under:-**

As at / for the year ended on March 31	Gratuity (funded)					Earned Leave (unfunded)				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
<b>I. Change in Defined Benefit Obligations (DBO)</b>										
Present value of DBO at beginning of year	25,660,119	19,346,970	16,352,071	13,974,785	10,538,128	5,782,815	4,393,837	4,282,498	3,357,427	3,509,671
Current service cost	3,280,981	3,608,786	2,960,940	2,770,576	2,094,327	2,368,420	2,220,879	1,691,738	1,807,593	1,369,703
Interest cost	2,052,810	1,547,758	1,308,166	1,117,983	843,050	462,625	351,507	342,600	268,594	280,774
Actuarial (gains)/losses	(2,293,753)	2,049,733	316,112	(824,138)	767,371	(839,256)	(38,081)	(1,080,998)	10,459	(1,029,819)
Benefits paid	1,780,163	893,128	1,590,319	687,135	268,091	1,601,822	1,145,327	842,001	1,161,575	(772,902)
<b>Present value of DBO at the end of year</b>	<b>26,919,994</b>	<b>25,660,119</b>	<b>19,346,970</b>	<b>16,352,071</b>	<b>13,974,785</b>	<b>6,172,782</b>	<b>5,782,815</b>	<b>4,393,837</b>	<b>4,282,498</b>	<b>3,357,427</b>
<b>II. Change in fair value of assets</b>										
Plan assets at beginning of year	20,224,009	18,200,897	14,951,927	12,283,341	8,942,266	N.A	N.A	N.A	N.A	N.A
Actual return on plan assets	1,700,664	1,652,318	1,343,212	1,112,173	817,480	-	-	-	-	-
Actual company contributions	1,622,852	1,263,922	3,496,077	2,243,548	2,791,686	-	-	-	-	-
Benefits paid	1,780,163	893,128	1,590,319	687,135	(268,091)	-	-	-	-	-
<b>Plan assets at the end of year</b>	<b>21,767,362</b>	<b>20,224,009</b>	<b>18,200,897</b>	<b>14,951,927</b>	<b>12,283,341</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>
<b>III. Net asset/(liability) recognised in Balance Sheet</b>										
Present value of Defined Benefit Obligation	26,919,994	25,660,119	19,346,970	16,352,071	13,974,785	6,172,782	5,782,815	4,393,837	4,282,498	3,357,427
Fair value of plan assets	21,767,362	20,224,009	18,200,897	14,951,927	12,283,341	-	-	-	-	-
<b>Net asset/(liability) recognised in Balance Sheet</b>	<b>(5,152,632)</b>	<b>(5,436,110)</b>	<b>(1,146,073)</b>	<b>(1,400,144)</b>	<b>(1,691,444)</b>	<b>(6,172,782)</b>	<b>(5,782,815)</b>	<b>(4,393,837)</b>	<b>(4,282,498)</b>	<b>(3,357,427)</b>
<b>IV. Components of employer expense recognized during the year</b>										
Current service cost	3,280,981	3,608,786	2,960,940	2,770,576	2,094,327	2,368,420	2,220,879	1,691,738	1,807,593	1,369,703
Interest cost	2,052,810	1,547,758	1,308,166	1,117,983	843,050	462,625	351,507	342,600	268,594	280,774
Expected return on plan assets	1,700,664	1,652,318	1,343,212	1,112,173	(817,480)	Nil	Nil	Nil	Nil	Nil
Actuarial losses / (gains)	(2,293,753)	2,049,733	316,112	(824,138)	767,371	(839,256)	(38,081)	(1,080,998)	10,459	(1,029,819)
<b>Total expense recognised in the Profit and Loss Statement</b>	<b>1,339,374</b>	<b>5,553,959</b>	<b>3,242,006</b>	<b>1,952,248</b>	<b>2,887,268</b>	<b>1,991,789</b>	<b>2,534,305</b>	<b>953,340</b>	<b>2,086,646</b>	<b>620,658</b>
<b>V. Actual contribution and benefit payments</b>										
Actual benefit payments	1,780,163	893,128	1,590,319	687,135	268,091	1,601,822	1,145,327	842,001	1,161,575	772,902
Actual contributions	1,622,852	1,263,922	3,496,077	2,243,548	2,791,686	-	-	-	-	-
<b>VI. Actuarial assumptions</b>										
Discount rate (p. a.)	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Future increase in compensation	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Expected return on plan assets	8.41%	8.98%	9.05%	9.05%	8%	N.A	N.A	N.A	N.A	N.A
In Service Mortality	L.I.C.	L.I.C.	L.I.C.	L.I.C.	L.I.C.	L.I.C.	L.I.C.	L.I.C.	L.I.C.	L.I.C.
	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96
	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate
Retirement age	58 years	58 years	58 years	58 years	58 years	58 years	58 years	58 years	58 years	58 years
Withdrawal Rates (p.a.)	10% to 2%	10% to 2%	1%	1%	1%	10% to 2%	10% to 2%	1%	1%	1%

#### Note :

The Estimate of rate of escalation in Salary considered in actuarial valuation, taken 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, 2014

	(Amount in ₹)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>NOTE 23 : FINANCE COST</b>		
Interest Expense	71,460,030	96,057,072
Other borrowing cost	2,409,517	2,485,067
Net exchange loss on foreign currency borrowings to the extent considered as an adjustment to interest cost	6,390,411	1,312,473
Interest on delayed payment of taxes	1,070,612	490,734
<b>Total</b>	<b>81,330,570</b>	<b>100,345,346</b>

	(Amount in ₹)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>NOTE 24 : OTHER EXPENSES</b>		
Consumption of stores & spares	243,311,741	247,243,738
Job work	82,847,859	69,632,496
Packing materials consumed	55,779,464	55,772,176
Power & Fuel	236,220,712	218,941,177
Rent (refer note 26)	7,245,278	7,322,438
Repairs to buildings	20,943,207	10,371,701
Repairs to machinery	76,007,151	52,827,226
Insurance	4,617,575	4,320,095
Rates and taxes	3,475,851	2,790,405
Increase Decrease in Excise Duty	(687,204)	7,119,658
Sales promotion	68,540,076	56,345,023
Freight Outward	85,850,163	70,236,115
Travelling & conveyance expenses	14,928,813	22,681,614
Contract Labour Charges	30,907,213	26,473,738
Payment to Auditors (refer details below)	917,525	913,445
Commission to Director	8,160,000	3,177,000
Exchange Fluctuation	11,948,058	4,116,077
Bad Debts Written Off	19,417,040	18,149,571
Prior Period Expenses (refer details below)	86,338	338,022
Miscellaneous Expenses	59,201,619	50,739,127
<b>Total</b>	<b>1,029,718,479</b>	<b>929,510,844</b>

## Notes to Financial Statements for the year ended March 31, 2014

	%	Value (₹)	%	Value (₹)
<b>a) Details of Imported and Indigenous Stores Consumed</b>				
Imported	4.19	10,192,943	6.18	15,278,019
Indigenous	95.81	233,118,799	93.82	231,965,719
	100	243,311,741	100	247,243,738

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>b) Prior period expenditures include</b>		
Water	21,338	86,313
Rent	65,000	157,689
Repair machinery	-	16,306
Travelling expense	-	77,714
	86,338	338,022
Depreciation	1,153,310	-
<b>Total</b>	<b>1,239,648</b>	<b>338,022</b>

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>c) Expenditure in foreign currency</b>		
Travelling	1,631,600	1,438,850
Others	5,279,581	14,113,178
<b>Total</b>	<b>6,911,181</b>	<b>15,552,028</b>

(Amount in ₹)

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>d) Payment to Auditors</b>		
<b>As Auditor</b>		
Audit Fee	600,000	475,000
Tax Audit Fee	100,000	85,000
Limited Review	90,000	75,000
	790,000	635,000
<b>In Other Capacity</b>		
Other Matters	55,000	152,800
Out of pocket expense	72,525	125,645
	127,525	278,445
<b>Total</b>	<b>917,525</b>	<b>913,445</b>

## Notes to Financial Statements for the year ended March 31, 2014

	(Amount in ₹)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>NOTE 25: EXCEPTIONAL ITEMS</b>		
Profit on acquisition of Land	8,734,222	-
Profit/ (loss) on sale of other fixed assets	(1,944,928)	63,406
Provision for doubtful debts for the year	(10,097,372)	(7,516,370)
Provision for doubtful debt written back	7,516,370	17,993,705
	<b>4,208,292</b>	<b>10,540,741</b>

## NOTE 26: LEASES

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

### Assets taken on operating leases:

- a) The Company has taken Factory Premises on non-cancellable operating lease from Haryana Ispat Pvt. Ltd. Agreement of Lease is renewed on 01.01.2012. Lease Agreement is valid till 31.12.2016. Lease rental (including transfer to lease equalisation reserve) amounting to ₹ 6,630,758 (March 31,2013: ₹ 6, 788,447) has been debited to Statement of profit and loss. Future minimum lease rentals as on 31 March 2014 are as under:

	(Amount in ₹)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Particulars</b>		
Not later than one Year	6,630,758	6,630,758
Later than one year and not later than five years	11,603,828	18,234,583
<b>Total</b>	<b>18,234,586</b>	<b>24,865,341</b>

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
(Factory Premise)	31.12.2016	Yes	Yes	No

- b) The Company has taken Nitrogen Plant on non-cancellable operating lease from Air Liquid North India Pvt. Ltd. Lease Agreement is valid till 14.02.2017. Lease rental amounting to ₹ 3,20,000 (March 31, 2013: ₹ 4,80,000/-) has been debited to Statement of profit and loss. Future minimum lease rentals as on 31 March 2014 are as under:

	(Amount in ₹)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Particulars</b>		
Not later than one Year	240,000	480,000
Later than one year and not later than five years	460,000	1,380,000
<b>Total</b>	<b>700,000</b>	<b>1,860,000</b>

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Nitrogen Plant	14.02.2017	Yes	Yes	No

- c) The Company has taken furnished office space on operating cancelable lease. Lease Agreement was valid till 28.02.2014. Lease rental amounting to ₹ 211,680 (March 31, 2013: ₹ 211,680/-) has been debited to Statement of profit and loss.

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Office Space, Jamshedpur	28.02.2014	Yes	Yes	No

## Notes to Financial Statements for the year ended March 31, 2014

- d) The Company has taken furnished office space on operating cancelable lease. Lease Agreement was valid till 06.12.2014. Lease rental amounting to ₹ 22,840 (March 31,2013: ₹ Nil) has been debited to Statement of profit and loss.

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Office Space for Regd.Office, New Delhi	06.12.2014	No	Yes	No

- e) The Company has taken Tricotect Equipment on non-cancellable operating lease from Atotech India Pvt. Ltd. Lease Agreement is valid till 28.02.2015. Lease rental amounting to ₹ 1,25,000 (March 31,2013: ₹ Nil) has been debited to Statement of profit and loss. Future minimum lease rentals as on 31 March 2014 are as under:

Particulars	(Amount in ₹)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Not later than one Year	55,000	
Later than one year and not later than five years	-	
<b>Total</b>	<b>55,000</b>	<b>-</b>

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Tricotect Equipment	28.02.2015	No	Yes	No

(Amount in ₹)

Particulars	(Amount in ₹)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Not later than one Year	55,000	
Later than one year and not later than five years	-	
<b>Total</b>	<b>55,000</b>	<b>-</b>

### NOTE 27: EARNING PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS Computation:-

Profit after Tax	156,241,815	108,752,318
Weighted average equity Shares outstanding (Nos)	6,844,600	6,844,600
Earning per Share - basic/diluted (₹)	22.83	15.89

### NOTE 28: RELATED PARTY DISCLOSURES

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

Enterprises over which Key Management Personnel has significant influence

Haryana Ispat Pvt. Ltd.

Sterling Technologies Pvt Ltd.

Sterling Automobiles Pvt. Ltd.

Sterling Mobikes Pvt.Ltd.

Jaycee Automobiles Pvt. Ltd.

Key Management Personnel & their relatives

Mr. M. L. Aggarwal - Chairman

Mr. Anil Aggarwal – Managing Director

Mr. Atul Aggarwal – Whole Time Director

Mr. Anish Aggarwal – Relative of Key Management Personnel

Joint Venture Company

Sterling Fabory India Pvt. Ltd

## Notes to Financial Statements for the year ended March 31, 2014

(Amount in ₹)

	As At 31 March, 2014	As At 31 March, 2013
<b>NOTE 28: RELATED PARTY DISCLOSURES Contd..</b>		
<b>Disclosure of Related Parties Transactions:</b>		
<b>i) Enterprises over which Key Management Personnel has significant influences</b>		
<b>a) Sale of Assets</b>		
Sterling Automobile Pvt. Ltd.	-	317,000
Sterling Fabory India Pvt. Ltd	17,261	791,802
Jaycee Automobile Pvt. Ltd.	362,016	
<b>b) Expenses paid- R&amp;M</b>		
Sterling Automobile Pvt. Ltd.	479,788	89,544
Jaycee Automobile Pvt. Ltd.	20,439	210,255
<b>c) Rent paid</b>		
Haryana Ispat Pvt. Ltd.	7,167,164	6,218,370
<b>d) Purchase of Asset</b>		
Sterling Automobile Pvt. Ltd.	1,324,426	4,999,737
Jaycee Automobile Pvt. Ltd	64,502	4,743,700
<b>e) Sale Of Material</b>		
Sterling Fabory (I) (P) Limited	1,456,874	1,804,602
<b>f) Purchase of Material including GIT</b>		
Sterling Fabory (I) (P) Limited.	20,791,377	8,668,767
Sterling Automobile Pvt. Ltd.	187,201	95,350
<b>g) Reimbursement of Expenses</b>		
Jaycee Automobile Pvt. Ltd	243,604	118,000
Streling Mobikes Pvt.Ltd.	17,426	-
<b>ii) Transaction with Joint Venture Company</b>		
Investment in Shares of JV company	10,075,000	-
<b>iii) Transaction with Key Management Personnel &amp; Their Relatives</b>		
<b>Remuneration Paid</b>		
Mr. Manohar Lal Aggarwal	6,443,992	5,821,399
Mr. Anil Aggarwal	5,802,122	5,257,503
Mr. Atul Aggarwal	5,623,299	5,062,691
Mr. Anish Aggarwal	969,142	706,133
<b>Commission Paid</b>		
Mr. Manohar Lal Aggarwal	2,720,000	1,059,000
Mr. Anil Aggarwal	2,720,000	1,059,000
Mr. Atul Aggarwal	2,720,000	1,059,000
<b>Total</b>	<b>69,205,633</b>	<b>48,081,853</b>

## Notes to Financial Statements for the year ended March 31, 2014

<b>Key Management Personnel</b>		
<b>Remuneration Payable</b>		
Mr. Manohar Lal Aggarwal	285,697	251,568
Mr. Anil Aggarwal	259,112	227,963
Mr. Atul Aggarwal	255,716	150,193
Mr. Anish Aggarwal	60,088	44,086
<b>Total</b>	<b>860,613</b>	<b>673,810</b>
<b>Commission Payable</b>		
Mr. Manohar Lal Aggarwal	1,879,520	731,769
Mr. Anil Aggarwal	1,879,520	731,769
Mr. Atul Aggarwal	1,879,520	731,769
<b>Total</b>	<b>5,638,560</b>	<b>2,195,307</b>
<b>Outstanding Payables</b>		
Sterling Automobile Pvt. Ltd.	12,511	25,000
Sterling Fabory (I) (P) Limited	2,616,316	298,064
	<b>2,628,827</b>	<b>323,064</b>

### NOTE 29: DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

a) Derivative instruments outstanding as at balance sheet date

Category of Derivative Instruments	Purpose of Derivative Instrument	Number of Contracts	Amount of Hedged Foreign Currency
Forward Contracts (Buy)			
As at 31.03.2013	Hedging	Six	US\$ 1,476,445.53
As at 31.03.2014	Hedging	Nil	

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	Foreign Currency	INR	Foreign Currency	INR
Foreign currency exposure not hedged (Sell)	574,731 EURO	48,385,815	559,460 EURO	39,750,248
	206,956 USD	12,579,404	175,900 USD	9,479,821
	1,421 GBP	143,732	9,939 GBP	819,087
Foreign currency exposure not hedged (Buy)	20 EURO	1,704	-	
	189,932 USD	11,700,596	1,284,890 USD	69,848,043
	182,620 JPY	107,746	24,195 JPY	13,549

### 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	Description of Interest/ (description of job)	Ownership interest	Country of Residence
1	Sterling Fabory India Pvt. Ltd.	Jointly Controlled entity (Trading of Fasteners)	50%	India



## Notes to Financial Statements for the year ended March 31, 2014

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

S. No.	Name of the jointly Controlled entities	Company's Share			
		As at March 31, 2014		For the Year 2013-14	
		Assets	Liabilities	Income	Expenses
1	Sterling Fabory India Pvt. Ltd.	21,913,297	6,823,729	29,884,270	39,666,858
		(22,731,465)	(7,964,153)	(19,162,746)	(27,803,270)

### Notes

- i.) Figures in brackets ( ) relate to previous year.
- ii) Share of Contingent liabilities incurred in relation to interests in joint ventures as at March 31, 2014: ₹ Nil (March 31, 2013 : ₹ Nil)
- iii) Share of Capital Commitments incurred in relation to interests in joint ventures as at March 31, 2014: ₹ Nil (March 31, 2013 : ₹ Nil)

### Note 31

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 31.03.2014

### Note 32

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 33

The closing balances of debtors, creditors and loans and advances are subject to confirmation.

### Note 34

The figures are rounded off to nearest rupees.

### Note 35

Previous year figures have been regrouped/ rearranged wherever considered necessary.

For & on behalf of Board of Directors

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

(ANIL AGGARWAL)  
Managing Director  
DIN No. 00027214

PLACE: NEW DELHI  
DATE : 30.05.2014

(VAISHALI SINGH)  
Company Secretary

## Information pursuant to part IV of schedule VI of the Companies Act, 1956

### Balance Sheet Abstract and Company's general business profile

#### I. Registration details

Registration No.  State Code   
 Balance Sheet Date   
 Day Month Year

#### II. Capital raised during the year (amount in Rs. thousands)

Public Issue  Right Issue   
 Bonus issue  Private Placement

#### III. Position of mobilisation and deployment of funds (amount in Rs. thousands)

Total Liabilities  Total Assets

##### Sources of Funds

Paid-up Capital  Reserves and Surplus   
 Secured Loans  Unsecured Loans   
 Deferred Tax Liability

##### Application of Funds

Net Fixed Assets  Investments   
 Net Current Assets  Miscellaneous Expenditure   
 Accumulated Losses

#### IV. Performance of Company (amount in thousands)

Turnover  Total Expenditure   
 Profit/Loss Before Tax  Profit/Loss After Tax   
 Please tick Appropriate box (+) for Profit (-) for loss  
 Earning per Share (Rs.)  Dividend Rate%

#### V. Generic names of three principal products/services of Company (as per monetary terms)

Item Code No.   
 (ITC Code)  
 Product Description



# STERLING TOOLS LIMITED



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