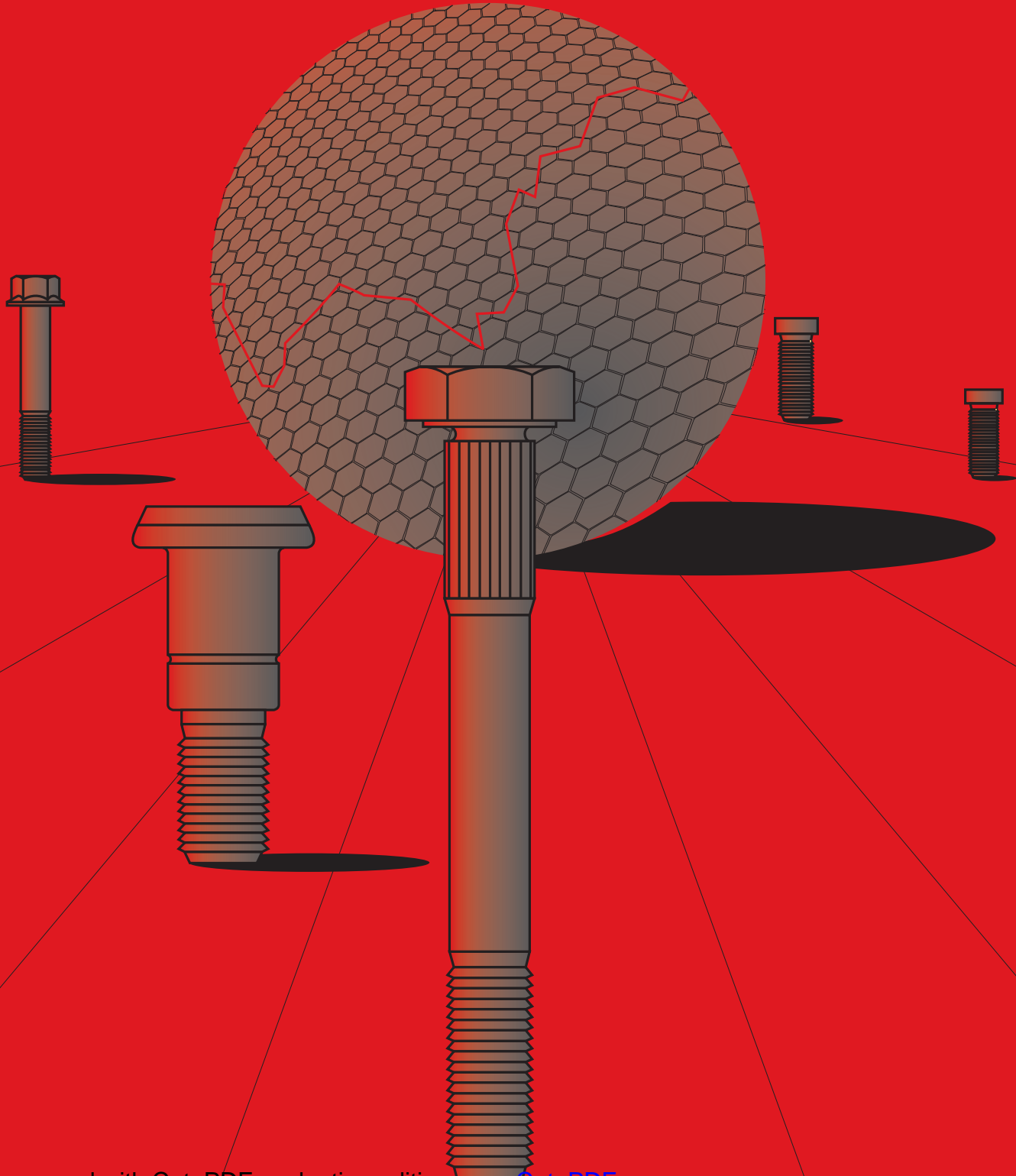


STERLING TOOLS LIMITED



ANNUAL REPORT 2012 - 2013



Registered Office

243, Okhla Industrial Area,
Phase -III, New Delhi- 110020
Tel. : +91 - 011 - 41096324

Corporate Office :

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

Works :

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

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

81, Sector 25, Ballabgarh
Faridabad (Haryana)

Bankers

Oriental Bank of Commerce
State Bank of India
HDFC Bank Limited

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 K.R. Gupta
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

| | |
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Notice for the Annual General Meeting

Notice is hereby given that Thirty Fourth Annual General Meeting of the Members of **Sterling Tools Limited** will be held at **Lakshmipat Singhania Auditorium**, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 on Monday, 8th July, 2013 at 9:30 A.M. to transact the following business(s):

Ordinary Business

1. Adoption of Accounts

To receive, consider and adopt the audited Balance Sheet as at 31st March 2013 and the Profit and Loss Account for the financial year ended on that date together with the Directors' Report and Auditors' Report thereon.

2. Declaration of Dividend

To confirm the Interim Dividend already declared @ 50% for the Financial Year 2012-2013 as Final Dividend for the said Financial Year.

3. Reappointment of Retiring Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that Shri K.R. Gupta who retires by rotation, and being eligible, offers himself for re-appointment be and is hereby re-appointed as Director".

4. Appointment of Auditors

To consider and if thought fit, to pass with or without modification(s), the following resolution for the appointment and fixation of the remuneration for the Statutory Auditors for the Financial Year 2013-2014 as an Ordinary Resolution:

"**Resolved that** pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s S.R. Dinodia & Co., the Chartered Accountants, be and is hereby re-appointed as the Statutory Auditors of the Company for the Financial Year 2013-2014 to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors or the Audit Committee of the Company."

For Sterling Tools Limited

Date: 13th May, 2013

Place: Faridabad

Registered Office:

243, Okhla Industrial Area, Phase-III
New Delhi-110020

(Vaishali Singh)

Company Secretary

Notes

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- In terms of Article 89 of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Shri K.R. Gupta, Director, retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors of the Company commends his respective re-appointment. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges of person seeking re-appointment as director under Item No. 3 are annexed herewith.

3. Members who hold shares in dematerialized form are requested to bring their DP ID and Client ID numbers for easy identification of attendance at the meeting.
4. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days between 10 A.M. to 2 P.M. and upto the date of the Meeting.
5. The Register of Members and Share Transfer Books of the Company will be closed from **Wednesday, 3rd July, 2013 to Monday, 8th July, 2013** (both days inclusive) in connection with the ensuing Annual General Meeting and for purpose of determining the entitlement of dividend, if any, declared by the Company.
6. For the convenience of the Members, attendance slip is enclosed elsewhere in the Annual Report. Members/Proxy Holders/Authorized Representatives are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue of the AGM. Proxy/Authorized Representatives of a member should state on the attendance slip as 'Proxy or Authorized Representative' as the case may be.
7. The Directors' Report, Auditors' Report and Audited Balance Sheet as at 31st March 2013 and the Profit and Loss Account for the financial year ended on that date are enclosed.
8. The Company has designated an exclusive e-mail ID called **vaishalis@stlfasteners.com** for redressal of shareholders' / investors' complaints / grievances. In case you have any queries / complaints or grievances, then please write to us at the above e-mail address.
9. Members holding shares in electronic form may please note that the bank account details and 9 digit MICR code of their Bankers, as noted in the records of their depository, shall be used for the purpose of remittance of dividend through Electronic Clearing Service (ECS), or for printing on dividend warrants wherever applicable. Members are therefore requested to update their bank account particulars, change of address and other details with their respective Depository Participants for shares held in demat mode and to the Registrar and Share Transfer Agent for shares held in physical form.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company.
11. Pursuant to the provisions of Section 205A (5) and 205 (c) of the Companies Act, 1956, followed by the issue of Investor Education & Protection Fund (Awareness and Protection of the Investors) Rules, any dividend transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to a fund called the Investor Education and Protection Fund (the fund) set up by the Central Government.

Accordingly, unpaid / unclaimed dividend for the Financial Year 2005-2006 shall become transferable to the fund on 11th September, 2013, followed by the transfers of the amounts of unpaid / unclaimed dividends for the subsequent years. No claim shall lie thereafter against the fund or the company in respect of such amounts transferred. Shareholders are therefore requested to verify their records and send claims, if any, for the relevant years from 2005-2006 onwards, before the respective amounts become due for transfer to the fund. The following are the details of the dividends declared by the Company and respective due dates for claiming by the shareholders:

| Dividend Year | Date of declaration of dividend | Last Date for claim |
|---------------------|---------------------------------|---------------------|
| 2005-2006 | 12/09/2006 | 11/09/2013 |
| 2006-2007 | 19/03/2007 | 18/03/2014 |
| 2007-2008 | 07/08/2008 | 06/08/2015 |
| 2008-2009 | 01/09/2009 | 31/08/2016 |
| 2009-2010 -Interim | 18/02/2010 | 17/02/2017 |
| 2009-2010 | 30/08/2010 | 29/08/2017 |
| 2010-2011 | 06/07/2011 | 05/07/2018 |
| 2011-2012 | 06/07/2012 | 05/07/2019 |
| 2012-2013 - Interim | 18/02/2013 | 17/02/2020 |

Those members who have not so far claimed their dividend for the financial year 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010-Interim, 2009-2010, 2010-2011, 2011-2012 and 2012-2013-Interim are requested to make their claims to the Company for obtaining duplicate dividend warrants.

12. In terms of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail of the nomination facility by filing Form No. 2BV in their own interest. Bank form can be had from MAS Services Limited on request. Members holding shares in dematerialized form may contact their respective DP's for registration of nomination.
13. Members holding physical shares in multiple folios in identical name are requested to send their share certificates to Company's Registrar and Share Transfer Agent, M/s MAS Services Limited for consolidation.
14. The Copies of the Annual Reports will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
15. In case of any query, Members are requested to send the same to the Company Secretary atleast 10 days before the date of the meeting so that information can be made available at the meeting.
16. Members are requested to note that no **GIFT** will be distributed at the meeting.
17. The entire Annual Report is also available at the Company's Website www.stlfasteners.com.
18. **As per Circular no. 18/2011 on Green initiative, the Company will send Annual Report along with other documents though emails to all members, who have registered their email address with the depository and physical hard copies will be dispatched to others. In case any member desires to get hard copy of Annual Report, they can write to Company at registered office address or email at vaishalis@stlfasteners.com.**

**By order of the Board
For Sterling Tools Limited**

Date: 13th May, 2013

Place: Faridabad

**(Vaishali Singh)
Company Secretary**

Registered Office:

243, Okhla Industrial Area, Phase-III
New Delhi-110020

Pursuant to the requirements of Corporate Governance, a Brief Resume and other information in respect of the Directors seeking re-appointment at the Annual General Meeting is given below:

Mr. K. R. Gupta

DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT ANNUAL GENERAL MEETING

(In Pursuance of Clause 49 of Listing Agreement)

| | |
|--|---|
| Name | Mr. K.R. Gupta |
| Date of Birth | 05/05/1934 |
| Qualification | M. Com. |
| Experience / Expertise | A tax consultant and has experience of more than 50 years in taxation & financial matters. He joined Indian Revenue Service in 1957 and worked in various capacities in Income tax Department before he retired as Member Central Board of Direct Taxes, New Delhi in 1992. He worked as Commissioner of Income tax at Delhi and Mumbai, Member, Appropriate Authority, Delhi and the Chief Commissioner of Income Tax, Rajasthan and Madhya Pradesh. Being an expert Tax Consultant, his inclusion in the Board of the Company shall prove to be very beneficial. |
| Directorships held in other Companies | APM Industries Limited ClearSharp Technology Private Limited |
| Memberships / Chairmanships of committees of other Public Companies | APM Industries Limited Audit Committee – Chairman Investors Grievances Committee – Chairman |

**By order of the Board
For Sterling Tools Limited**

**(Vaishali Singh)
Company Secretary**

Date: 13th May, 2013

Place: Faridabad

Registered Office:

243, Okhla Industrial Area, Phase-III

New Delhi-110020

Directors' Report

Dear Members,

Your Directors are pleased to present the 34th Annual Report on the business and operations of your Company and Audited Accounts for the financial year ended March 31, 2013.

Financial Results

The Company's performance for the Financial Year 2012-2013 vis-à-vis 2011-2012 is summarized as under:

(Rs. in Lacs)

| Particulars | Financial Year | |
|--|----------------|-----------|
| | 2012-2013 | 2011-2012 |
| Revenue from Operations (Net) | 28250.59 | 29503.74 |
| Profit before interest, depreciation and tax | 3630.94 | 3766.41 |
| Interest | 960.57 | 939.71 |
| Depreciation | 940.76 | 795.11 |
| Profit Before Tax (PBT) | 1729.61 | 2031.57 |
| Provision for Tax | 642.09 | 555.56 |
| Profit After Tax (PAT) | 1087.52 | 1476.01 |
| Appropriations: | | |
| Interim Dividend | 342.23 | - |
| Proposed Dividend | - | 342.23 |
| Tax on Interim Dividend | 55.52 | - |
| Tax on Proposed Dividend | - | 55.52 |
| Transfer to General Reserve | 110.00 | 150.00 |
| Balance Carried to Balance Sheet | 6117.68 | 5539.45 |

Review of Operations

During the Financial Year there has been a slight fall in Revenue from Operations as well as profit after tax.

The significant reasons for decreased profitability are as follows:

- Increased cost of power because of increase in power tariff & cost of diesel.
- Packing and Freight cost increased due to inflation.
- Fixed cost like salaries and wages increased even though revenue from operations has slightly reduced.
- Increased Depreciation & amortization even though the level of operation has reduced.

Dividend

Keeping in view Sterling' tradition of high regard for its shareholders, the Directors had, in their meeting held on 18th February, 2013, recommended 50% interim dividend for financial year 2012-2013 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 2012-2013 and the interim dividend already declared and paid be considered as final dividend for the financial year 2012-2013.

Transfer to General Reserve

Out of the profits of the Company, a sum of Rs. 110 Lacs has been transferred to General Reserve during the year and total Reserves and surplus of the Company are Rs. 8211.05 Lacs as on 31st March, 2013.

Deposits

The Company has not accepted any deposits during the year which come under the purview of Section 58A of the Companies Act, 1956 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's shares are compulsorily tradable in electronic form. As on March 31, 2013, 98.98% of the Company's total paid-up Capital representing 6774761 shares are in dematerialized form. In view of numerous advantages offered by the Depository System, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the Depositories.

Capital Structure and Listing

As on 31st March, 2013, 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 69.96% share Capital of the Company as on 31st March, 2013 as against 69.56% as on 31st March, 2012.

Financial Performance of Joint Venture Company

Your Company has invested Rs. 3,75,00,000/-(Rupees Three Crores Seventy Five Lacs only) in Equity share Capital of Sterling Fabory India Private Limited, a Joint venture Company till 31st March 2013.

The Joint Venture Company made Sales of Rs. 368.68 Lacs during the Financial Year 2012-2013.

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, 2013, the Gross Fixed Assets stood at Rs. 17047.80 Lacs and Net Fixed Assets stood at Rs. 10678.77 Lacs. Additions during the year amounted to Rs. 1548.88 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.

Corporate Governance

Your Company has complied with the mandatory provisions of Clause 49 of the Listing Agreement, relating to Corporate Governance. Your Company believes that sound Corporate practices based on openness, credibility and accountability are essential for its long term success. These practices will ensure the Company, having regard to competitive exigencies, conduct its affairs in such a way that would build the confidence of its various stakeholders in it, and its Board's integrity.

A detailed report on Corporate Governance pursuant to the provisions of Clause 49 of Listing Agreement supported by a Certificate given by the Statutory Auditors of the Company confirming compliance of conditions, form part of this Annual Report as **ANNEXURE-III**.

Your Company has made all the information, required by Investors, available on the Company's Corporate Website 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, 2013, 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 31st March, 2013 on a 'going concern' basis.

Human Resources Development

Your Company recognizes that the ability to attract and retain the best talent is vital for the long term competitive advantage of the business. A set of initiatives are planned to widen the base of potential young recruits in your Company. Focused programs were launched to groom executive talent for leadership positions. During the year, your Company carried out workshops to provide inputs to senior leaders on how to appraise, coach and mentor their subordinates. Your Company has appointed a well renowned agency named "Human Dynamics" for the overall development of its Senior Management Personnel within the Company.

Various other initiatives have been planned for career planning, employee engagement and competency building.

Corporate Social responsibility

In Corporate Social Responsibility, the Company has taken up the responsibility for the education of 10 orphan children of SOS Children's Village.

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 are 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 255 & 256 of the Companies Act, 1956, Shri K.R. Gupta retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Statutory Auditors

I) Appointment

M/s. S. R. Dinodia & Co., 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., have, under Section 224(1) of Companies Act, 1956, 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 2012-2013 are self explanatory and therefore do not call for any further comments.

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 the 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 31-03-2013 is annexed hereto.

Acknowledgements

Your Directors express their sincere thanks to all customers, vendors, investors, shareholders, bankers, consultants and advisors for their continued support throughout the year.

Your Directors also sincerely acknowledge the significant contributions made by all employees for their dedicated services to the Company.

Your Directors look forward to their continued support.

for and on behalf of the Board

Date: 13th May, 2013

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 31st March 2013.

| Name of the Employee | Designation and nature of duties | Remuneration (Rs) | Qualifications | Age in years | Experience in years | % of Shareholding | Date of commencement of employment | Last employment held and designation |
|----------------------|---|-------------------|----------------|--------------|---------------------|-------------------|------------------------------------|--------------------------------------|
| 1.Mr. M. L. Aggarwal | Chairman | 68,80,399.00 | B. Sc. | 83 | 59 | 11.26 | 07.06.1979 | NONE |
| 2.Mr. Anil Aggarwal | Managing Director | 63,16,503.00 | B. Com. | 55 | 34 | 22.65 | 07.06.1979 | NONE |
| 3.Mr. Atul Aggarwal | Whole Time Director (Finance & Marketing) | 61,21,691.00 | MBA | 49 | 24 | 25.11 | 01.07.1989 | NONE |

Note:

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

Annexure - II to Directors’ 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 washing system after Heat Treatment replaced with washing system working at Room Temperature in the furnace.
 - b) Inefficient compressor replaced with energy efficient compressors.
 - c) Changes made in the plating tank to make the zinc deposition process more energy efficient.
 - 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 machine higher Horse Power motor replaced with smaller motor
- 2) Additional investment proposals, if any, for reduction of consumption per unit production :
 1. The Hot water heating system line re-laid to make it more energy efficient.
 2. Energy audit planned to identify possibilities of energy consumption reduction
 3. Furnace operating temperatures are being reviewed to lower the same so as to save energy
- 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 : Technical Centre established for testing functional requirement of the product. It will help to carry out product validation
- 2) Benefits : With the implementation of the Technical Centre product endurance test being carried out.
- 3) Future plan of action : To optimally use the Technical Centre for product validation
- 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 : The Company keeps itself updated with latest technological innovations by way of constant communication, personal discussions and visits to foreign countries/plants and benchmarking best practices

C. Foreign Exchange Earnings and outgo:

- 1) Efforts : The company made exports worth Rs. 2438.05 Lacs in the year as compared to Rs. 2604.05 Lacs in the previous year decreased by 6.37% approx.

In past few years we have added new customers in our portfolio across the globe. Most of our customers have shown their keen intent to engage with STL as their preferred supplier and work as a long term strategic partner, resulting in increase in new parts and business with existing customers. This intent is based on the demonstrated ability to supply superior quality critical and complex parts at most competitive prices.

The Company participated in overseas Trade Fairs to display its products and to tap new overseas customers. Responses to company's products are good resulting in fresh enquiries from various customers.
- 2) Earnings and Outgo : (1) Foreign Exchange earnings Rs. 243,805,262.00
(2) CIF Value of imports Rs. 32,197,963.00
(3) Expenditure in Foreign Exchange Rs. 15,552,028.00

Form A

a) Power and fuel consumption

| | Current Year | Previous Year |
|---|--------------|---------------|
| 1. Electricity | | |
| (a) Purchased | | |
| Unit (KWH' 000) | 18777 | 18205 |
| Total amount (Rs in lacs) | 1214 | 927 |
| Rate/unit (Rs) | 6.47 | 5.09 |
| (b) Own generation | | |
| I. Through diesel generator | | |
| Unit (KWH'000) | 7047 | 8030 |
| Unit per ltr of diesel oil | 3.59 | 3.59 |
| Cost/unit (Rs) | 10.84 | 10.03 |
| 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) | 858 | 760 |
| Diesel (in Liter) | 90 | 93 |
| Coal (specify quality) | Nil | Nil |
| Others (specify) | Nil | Nil |

Annexure - III to Directors' Report

Report on Corporate Governance

Corporate Governance refers to a set of laws, regulations and good practices that enable an organisation to perform efficiently and ethically generate long term wealth and create value for all its stakeholders. The Company believes the sound Corporate Governance is critical for enhancing and retaining investor' trust and the Company always seeks to ensure that its performance goals are met with integrity. The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfil its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders value.

The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance viz. Integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

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 Wholetime Director.
- iii. Operational Management- by the concerned Departmental Heads/Operation Heads.

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 31st March, 2013, 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 | 3 | 4 |
| Shri. K. R. Gupta | Non Executive Independent Director | 1 | 2 | Nil |
| Shri. C. R. Sharma | Non Executive Independent Director | 3 | Nil | 3 |

- 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 include:

- i) Annual operating plans and budgets and any updates.
- ii) Quarterly Results of the Company.
- iii) Capital Budgets-Plant wise as well as Company as a whole.
- iv) Minutes of Audit Committee, Investors' Grievance Committee, Share transfer Committee & Remuneration Committee.
- v) Information relating to recruitment of Senior Officers just below the Board level.
- vi) Certificates given by the Plant Heads/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 2012-2013, the Board met 6 times—on 15th May, 2012, 23rd July, 2012, 16th August, 2012, 29th October, 2012, 23rd January, 2013 and 18th February, 2013.

| Name of the Director | No. of Board Meeting attended | Whether attended last AGM |
|----------------------|-------------------------------|---------------------------|
| Shri. M. L. Aggarwal | 6 | Yes |
| Shri Anil Aggarwal | 6 | Yes |
| Shri Atul Aggarwal | 6 | Yes |
| Dr. T. N. Kapoor | 6 | No |
| Shri K. R. Gupta | 6 | Yes |
| Shri C. R. Sharma | 6 | 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 2012-2013 are given below:

(Amount in Rs.)

| Name of the Director | Salary and other Allowances | Commission | Perquisites | Total |
|----------------------|-----------------------------|------------|-------------|---------|
| Shri. M. L. Aggarwal | 5657736 | 1059000 | 163663 | 6880399 |
| Shri Anil Aggarwal | 5115840 | 1059000 | 141663 | 6316503 |
| Shri Atul Aggarwal | 4814784 | 1059000 | 247907 | 6121691 |

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 director was paid any performance-linked incentive.

During the year 2012-2013, the Company did not advance any loans to any of the executive and/or non-executive directors.

During the Financial Year 2012-2013, the sitting fees paid to Independent directors are 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 | 120000 | 80000 | 80000 | 0 | 40000 |
| Dr. T. N. Kapoor | 120000 | 80000 | 80000 | 0 | 0 |
| Shri C. R. Sharma | 120000 | 80000 | 0 | 0 | 0 |
| TOTAL | 360000 | 240000 | 160000 | 0 | 40000 |

1.5 Details of shareholding of Directors as on 31.03.2013 are given as under:

| Name of the Director | No. of Equity Shares | % of Holding |
|---------------------------|----------------------|--------------|
| Shri Manohar Lal Aggarwal | 770613 | 11.26 |
| Shri Anil Aggarwal | 1567149 | 22.90 |
| Shri Atul Aggarwal | 1718502 | 25.11 |
| Dr. 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) Shareholders' / Investors' Grievances Committee
- (iii) Share Transfer Committee
- (iv) 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. K. R. Gupta – Chairman(Non Executive Independent Director)
- Dr. T. N. Kapoor – Member(Non Executive Independent Director)
- Shri C. R. Sharma – Member(Non Executive Independent Director)
- Shri Anil Aggarwal – Member(Managing Director)

The role and terms of reference of the Audit Committee cover areas mentioned in the Clause 49 of Listing Agreement with Stock Exchange and section 292A of the Companies Act. 1956 which, among others, include:

1. A periodic review of efficacy of the financial control systems and suggestions for improvement therein.
2. Review of operating results on a quarterly basis, prior to their submission for the consideration and adoption by the Board.

3. Advice to the Board on appointment / removal of statutory auditors and fixing their remuneration.
4. Review with statutory auditors their audit findings & to address any areas of concern cited by them.
5. Advice to the Board on the adequacy of Company's risk management measures and implementation of financial policies and procedures.
6. Ensure compliance of internal control systems.
7. To act as a link between Statutory and Internal Auditors of the Company and the Board of Directors.
8. Discussion with Internal Auditors any significant findings and follow up thereon.
9. Review of any weakness in Internal Controls, if any and make recommendations relating thereto to the Board so as to ensure compliance of internal Control system.
10. Any other matter which the Board of Directors may at its discretion assign to the committee from time to time.

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

Meetings of Audit Committee

During the Financial Year 2012-2013, the Audit Committee met 4 times – on 15th May, 2012, 23rd July, 2012, 29th October, 2012 and 23rd January, 2013. 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 |
| Dr. T. N. Kapoor | 4 |
| Shri. Anil Aggarwal | 4 |

2.2 Shareholders' / Investors' Grievances Committee

The Investors Grievances Committee is headed by an Independent Director and comprises of following Directors:

- Dr. T. N. Kapoor – Chairman (Non-Executive Independent Director)
- Shri K. R. Gupta – Member(Non-Executive Independent Director)
- Shri Atul Aggarwal – Member(Whole Time Director)

Terms of reference

The Committee looks into the grievances of the investors relating to transfer/transmission of Shares, Non-issue of duplicate share certificates/Consolidation/ Split of Shares, Non receipt of Annual Report/Declared Dividend, review status of investor grievances and the functioning of the Share Department to render efficient, effective and satisfactory services to investors.

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

Meetings of Shareholders'/Investors' Grievances Committee

During the financial year 2012-2013 the Committee met 4 times-on 15th May, 2012, 23rd July, 2012, 29th October, 2012 and 23rd January, 2013 to review the grievances / complaints received from Shareholders.

| | | |
|----|---|-----|
| 1. | Number of shareholder's complaints received during the financial year 2012-2013 | 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 – Member(Non-Executive & Independent Director)

Meetings of Share Transfer Committee

The Committee meets at frequent intervals, to approve inter-alia, transfer/transmission of Shares, de-materialization of shares, issue of duplicate share certificate, Consolidation and Split of Share Certificate and any other powers / responsibilities entrusted by the Board. During the Financial Year 2012-2013 the committee met 12 (Twelve) times.

2.4 Remuneration Committee

The Remuneration Committee comprises of following Directors:

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

Terms of Reference

The role and terms of reference of the 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 Remuneration Committee

During the Financial Year 2012-2013, there was no meeting of Remuneration Committee held.

3. Compliance Officer

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

5A DLF Industrial Estate, Faridabad-121003

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

Email: vaishalis@stlfasteners.com

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 2012-2013.

| No. of Equity Shares | Name of the Director | Dividend paid for the Financial year 2012-2013 (In Rs.) |
|----------------------|---------------------------|---|
| 770613 | Shri Manohar Lal Aggarwal | 3853065.00 |
| 1567149 | Shri Anil Aggarwal | 7833005.00 |
| 1718502 | Shri Atul Aggarwal | 8592510.00 |
| Nil | Dr. 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

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 Details of Compliance with Non-Mandatory Requirements of Clause 49 of Listing Agreement

Board of Directors

The Company has decided to issue formal appointment letters to directors to be appointed in future and the same should be made available to shareholders at the time of ratification of appointment of newly appointed director and be placed on the website of the Company.

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.

Independent Directors

The existing Independent directors have freedom to meet the Management of the Company as and when need be to discuss any issue related to affairs of the Company.

Keeping in view the contribution given by the Independent directors in effectively carrying out the business of the company, the Management is of the view that it is not necessary to fix the tenure of the Independent directors

Remuneration Committee

The remuneration of Executive Personnel as well as Non Executive Directors/Independent Directors of the Company is fixed by the Remuneration Committee. The necessary details of 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

The Company views managing risk as an integral part of its operations. The objective of the risk management is to strike a balance between pursuing growth and business opportunities and the need to manage the fluctuations in cost of raw materials, currencies and other markets, along with maintaining operational and safety standards.

Provisions regarding Audit Committee

The Company is already complying almost with all the provisions regarding Audit Committee. The Constitution of Audit Committee alongwith terms of references, meetings etc. are elsewhere provided in the Report.

Appointment of Auditors and Internal Auditors

The Company is already complying with most of the provisions regarding appointment of Statutory Auditors and Internal Auditors etc. except rotation of Audit Firms and Partners as is required for appointment of Statutory Auditors.

Audit Qualification

There is no Audit qualification given 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

The Company has not adopted any separate "Whistle Blower Policy". However it has a mechanism for employees to report to the management concerns about unethical behaviour, 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 quarterly/half yearly results are being furnished to stock exchanges and also are being published in leading English and Hindi Newspapers and are displayed on the website of the Company—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 Business |
|----------------|------------|------------|---|---|
| 2011-2012 | 06.07.2012 | 09:30 A.M. | Lakshmipat Singhanian 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. |
| 2010-2011 | 06.07.2011 | 09:30 A.M. | Lakshmipat Singhanian 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. |
| 2009-2010 | 30.08.2010 | 10:00 A.M. | Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 | <ul style="list-style-type: none"> i Re-appointment of Shri M. L. Aggarwal as Executive Chairman of the Company and change in remuneration of the same. ii Re-appointment of Shri Anil Aggarwal as Managing Director of the Company and change in remuneration of the same. iii Re-appointment of Shri Atul Aggarwal as Whole Time Director of the Company and change in remuneration of the same. |

7.4 Special Resolutions passed at the last 3 AGMs:

| Date | Time | Special Resolution |
|------------|------------|---|
| 06.07.2012 | 09:30 A.M. | Appointment of relative of a Director to an office of profit. |
| 06.07.2011 | 09:30 A.M. | -NONE- |
| 30.08.2010 | 10:00 A.M. | <ul style="list-style-type: none"> i Re-appointment of Shri M. L. Aggarwal as Executive Chairman of the Company and change in remuneration of the same. ii Re-appointment of Shri Anil Aggarwal as Managing Director of the Company and change in remuneration of the same. iii Re-appointment of Shri Atul Aggarwal as Whole Time Director of the Company and change in remuneration of the same. |

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/CFO Certification

As required by Clause 49 of the Listing Agreement, the CEO/CFO 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.

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, 2013. 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 | : | Monday, 8th July, 2013 |
| Time | : | 9:30 A.M. |
| Venue | : | Lakshmipat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 |

(ii) Financial Calendar

| | | |
|---|---|-------------------------|
| Financial Year | : | 1st April to 31st 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 31st 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 2012-2013 in their meeting held on 18th February, 2013 which has already been paid. Further, the Board of Directors have not recommended any final dividend for the Financial Year Ended 31st March, 2013. 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 Wednesday, 3rd July, 2013 to Monday, 8th July, 2013 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 18th February, 2013, has already been made on 2nd March, 2013 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 23rd February, 2013 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 23rd February, 2013.
- (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, 2nd 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 31st March, 2013,

The summarised position of shareholders in Physical and Demat segment as on 31st March, 2013 is as under:

| Type of shareholding | No. of shareholders | Physical Shares | Demat Shares |
|----------------------|---------------------|-----------------|--------------|
| Equity | 2984 | 69839 | 6774761 |
| 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) : 1st Floor, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400 001
- 2. National Stock Exchange of India Limited, Mumbai (NSE) : "Exchange Plaza", Plot No. C-1, Bandra Kurla Complex, Bandra (E), Mumbai-400 051

(xi) **Plant Locations**

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

(xii) **Address for correspondence**

: Investors and Shareholders are requested to send all correspondence to the Registrar & Transfer Agent at the address given above.

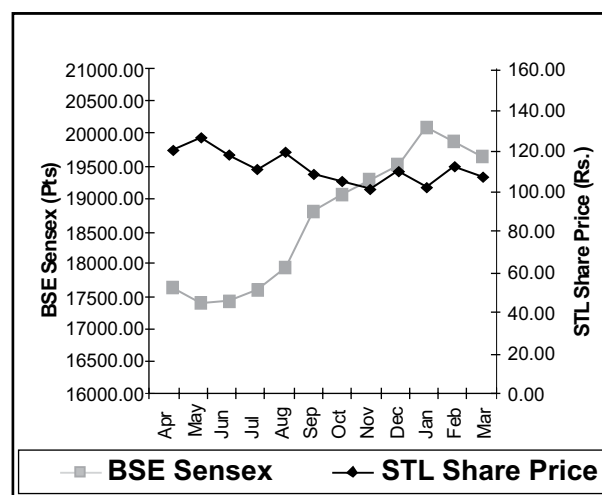
(xiii) **Electronic Clearing Services (ECS)**

: 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 2012-2013**

| Month | High | Low |
|----------------|--------|--------|
| April 2012 | 120.00 | 104.00 |
| May 2012 | 126.00 | 99.25 |
| June 2012 | 117.45 | 101.00 |
| July 2012 | 110.45 | 84.00 |
| August 2012 | 118.70 | 88.00 |
| September 2012 | 108.35 | 88.00 |
| October 2012 | 104.90 | 90.20 |
| November 2012 | 100.95 | 90.00 |
| December 2012 | 109.65 | 90.85 |
| January 2013 | 101.95 | 91.00 |
| February 2013 | 111.90 | 94.00 |
| March 2013 | 106.90 | 91.30 |

Stock Price Performance-STL Vs BSE Sensex Financial Year 2012-2013



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

(xv) Shareholding Pattern:

| | As on 31st March 2013 | | As on 31st March 2012 | |
|----------------|-----------------------|--------------------|-----------------------|--------------------|
| | No. of shares | % to total Capital | No. of shares | % to total Capital |
| Promoters | 4788664 | 69.96 | 4761215 | 69.56 |
| Mutual Funds | 22400 | 0.33 | 22400 | 0.33 |
| NRIs and OCBs | 24297 | 0.36 | 24569 | 0.36 |
| Body Corporate | 297149 | 4.34 | 326317 | 4.77 |
| Indian Public | 1712090 | 25.01 | 1710099 | 24.98 |
| Total | 6844600 | 100.00 | 6844600 | 100.00 |

(xvi) Distribution of shareholding as on 31st March, 2013

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 |
|-------------------------|---------------|---------------------------------------|-----|--------|----------------|-----------------|---------------|
| 2604 | 88.421 | 1 | TO | 5000 | 306867 | 3068670 | 4.483 |
| 182 | 6.180 | 5001 | TO | 10000 | 145359 | 1453590 | 2.124 |
| 75 | 2.547 | 10001 | TO | 20000 | 117541 | 1175410 | 1.717 |
| 22 | 0.747 | 20001 | TO | 30000 | 54263 | 542630 | 0.793 |
| 6 | 0.204 | 30001 | TO | 40000 | 22478 | 224780 | 0.328 |
| 12 | 0.407 | 40001 | TO | 50000 | 56256 | 562560 | 0.822 |
| 16 | 0.543 | 50001 | TO | 100000 | 108442 | 1084420 | 1.584 |
| 28 | 0.951 | 100001 | AND | ABOVE | 6033394 | 60333940 | 88.148 |
| 2945 | 100.00 | Total | | | 6844600 | 68446000 | 100.00 |

CEO AND CFO CERTIFICATION

We, Anil Aggarwal, Managing Director and Sanjeev Bhardwaj, Vice President (Finance) of Sterling Tools Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account and all its Schedules and Notes on accounts, as well as the Cash Flow Statements for the Year ended 31-03-2013 and to the best of our knowledge and belief :
 - i) these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made or contain statements that might be misleading;
 - ii) the financial statements and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the Company's code of conduct.
3. The Company's other certifying Officers and we are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the year.
 - ii) Significant changes in accounting policies during the year and that same have been disclosed in the notes to the financial statements; and
 - iii) Any fraud, which we have become aware and that involves management or an employee having a significant role in the Company's internal control system over financial reporting.

We further declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31-03-2013.

Date: 06.05.2013

Place: Faridabad

ANIL AGGARWAL
MANAGING DIRECTOR
DIN No. 00027214

SANJEEV BHARDWAJ
VICE PRESIDENT (FINANCE)

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 31st March 2013, 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 further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S.R. Dinodia & Co.**
Chartered Accountants

(Sandeep Dinodia)

Partner

M. No. 083689

Place: New Delhi

Dated: 13.05.2013

Annexure - IV to Directors' 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 2012–2013 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 Financial Year 2012-2013 was a year of Slow-down in Automobile Industry because of unfavourable economy involving policy changes.

In 2012-2013, prominent companies such as Maruti Suzuki India Ltd, Tata Motors Ltd and Hero MotoCorp Ltd had to cut production at their respective plants which affected fasteners industry also.

The entire automobile market, including scooters, motorcycles and three-wheelers, grew 2.61% in 2012-13. Society of Indian Automobile Manufacturers (SIAM), expects the industry to grow 6-8% in 2013-2014, largely on account of an expected cut in interest rates and an economy that will expand faster than the 5% at which it is believed to have grown in 2012-2013. The government expects the economy to grow by between 6.2% and 6.7% this year

As per the industrial statistic furnished by Society of Indian Automobile Manufacturers (SIAM), the trends in the Automobile industry for the Financial Year 2012-2013 as Compared to 2011-2012 are detailed below:

| Category | Production | | | Domestic Sales | | | Exports | | |
|---------------------------------------|-------------------|-------------------|---------------|-------------------|-------------------|---------------|------------------|------------------|---------------|
| | April-March | | | April-March | | | April-March | | |
| | 2011-12 | 2012-13 | % Gr | 2011-12 | 2012-13 | % Gr | 2011-12 | 2012-13 | % Gr |
| I Passenger Vehicles (PVs) | | | | | | | | | |
| Passenger Cars | 2,537,170 | 2,429,199 | -4.26 | 2,031,306 | 1,895,471 | -6.69 | 501,546 | 544,656 | 8.60 |
| Utility Vehicles(UVs) | 370,945 | 564,928 | 52.29 | 363,772 | 553,660 | 52.20 | 5,221 | 8,261 | 58.23 |
| Vans | 237,954 | 239,434 | 0.62 | 234,761 | 237,298 | 1.08 | 2,016 | 1,769 | -12.25 |
| Total Passenger Vehicles (PVs) | 3,146,069 | 3,233,561 | 2.78 | 2,629,839 | 2,686,429 | 2.15 | 508,783 | 554,686 | 9.02 |
| II Commercial Vehicles(CVs) | | | | | | | | | |
| M&HCVs | | | | | | | | | |
| Passenger Carriers | 54,156 | 50,024 | -7.63 | 49,882 | 46,553 | -6.67 | 9,209 | 7,110 | -22.79 |
| Goods Carriers | 330,645 | 228,536 | -30.88 | 299,334 | 221,710 | -25.93 | 19,286 | 11,909 | -38.25 |
| Total M&HCVs | 384,801 | 278,560 | -27.61 | 349,216 | 268,263 | -23.18 | 28,495 | 19,019 | -33.25 |
| LCVs | | | | | | | | | |
| Passenger Carriers | 50,017 | 51,376 | 2.72 | 48,868 | 48,153 | -1.46 | 4,206 | 3,477 | -17.33 |
| Goods Carriers | 494,318 | 501,808 | 1.52 | 411,415 | 476,734 | 15.88 | 59,557 | 57,448 | -3.54 |
| Total LCVs | 544,335 | 553,184 | 1.63 | 460,283 | 524,887 | 14.04 | 63,763 | 60,925 | -4.45 |
| Total Commercial Vehicles | 929,136 | 831,744 | -10.48 | 809,499 | 793,150 | -2.02 | 92,258 | 79,944 | -13.35 |
| III Three Wheelers | | | | | | | | | |
| Passenger Carrier | 768,687 | 740,689 | -3.64 | 406,260 | 441,118 | 8.58 | 359,613 | 300,473 | -16.45 |
| Goods Carrier | 110,602 | 99,053 | -10.44 | 107,021 | 97,173 | -9.20 | 2,140 | 2,615 | 22.20 |
| Total Three Wheelers | 879,289 | 839,742 | -4.50 | 513,281 | 538,291 | 4.87 | 361,753 | 303,088 | -16.22 |
| IV Two wheelers | | | | | | | | | |
| Scooter/Scooterette | 2,659,340 | 3,025,014 | 13.75 | 2,558,981 | 2,923,401 | 14.24 | 94,440 | 91,084 | -3.55 |
| Motor cycles/Step- Throughs | 11,982,669 | 11,904,212 | -0.65 | 10,073,303 | 10,085,586 | 0.12 | 1,871,595 | 1,866,549 | -0.27 |
| Mopeds | 785,523 | 791,954 | 0.82 | 776,866 | 788,761 | 1.53 | 9,076 | 3,308 | -63.55 |
| Total Two wheelers | 15,427,532 | 15,721,180 | 1.90 | 13,409,150 | 13,797,748 | 2.90 | 1,975,111 | 1,960,941 | -0.72 |
| Grand Total of All Categories | 20,382,026 | 20,626,227 | 1.20 | 17,361,769 | 17,815,618 | 2.61 | 2,937,905 | 2,898,659 | -1.34 |

(SOURCE OF INFORMATION: SIAM)

Opportunities & Threats

Opportunities in Domestic and Export Market:

The Indian Auto component Industry has the opportunity to play a major role in the global auto component industry with its existing infrastructure at a lower cost with better quality and short delivery time for supplies to customers.

As already mentioned, that growth of Fastener Industry is directly related with the growth of Automobile Industry. As per experts the Indian Automobile Industry will recover within next 6 months and the corrections in Interest rates expected to happen in second half of Current Financial Year will make the market revived with new hopes.

Moreover, our Company is known for its quality products and we are expanding our business to Global Market also opening new avenues across the World especially in Asian and European Countries.

Threats

There are certain weaknesses that the Indian manufacturing industry is confronting which include lack of scale of operation, inadequate infrastructure affecting the performance of Indian Auto Component Industry. The increase in prices of raw material, pressure of stiff competition with organised as well as unorganised auto component manufacturers, pressure of cost reduction from Customers are areas of concern for the Company.

Change in Outlook

The performance of the fasteners industry is directly linked to the automobile sector. The growth of the automobile sector is dependent on the performance of the economy. The Government expects economy to grow by 6.2% to 6.7%.

India is emerging as one of the world's fastest growing passenger car markets and second largest two wheeler manufacturer. It is also home for the largest motor cycle manufacturer and fifth largest commercial vehicle manufacturer giving a promising future for Fastener Industry also.

The reduction in rate of interest expected in second half of this year, more certainty in economy, more liberal policies of Government relating to foreign investment in India will lead to better growth of Automobile Industry in India as well as opening global destinations also.

Moreover, our Company is also focusing on cost reduction measures as well as to improve processes to enhance customer satisfaction which will have a long term benefit in helping your Company to achieve its goals and scale new heights in the growth path.

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.
- d) Another challenge is to face competition in the export market with Taiwanese / Chinese Fasteners manufacturers because of their low cost.
- e) Challenge to produce environment friendly fasteners which do not use carcinogenic plating such as chromium / cadmium and to keep looking for more ways to produce more stronger, more lighter and more easy-to-use fasteners than ever before.

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
- Stiff competition with Organised and Unorganised sector.
- The changes in technology on daily basis making the stocks outdated in a short span of time.
- Increasing cost of raw materials.

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.

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

Review of Operations

Revenue from Operations (Gross) for the year ended March 31, 2013 at Rs. 31467.20 Lacs did show the decrease of 2.86% against Rs. 32392.89 Lacs for the previous year despite enormous competition in automotive and other sector.

- Operating profit, excluding other income was Rs. 3656.02 Lacs for the year 2012-2013 decreased by 3.47% as compared Rs. 3787.58 Lacs for the year 2011-2012.
- Operating margin was 12.94% for the year 2012-2013 as against 12.84% for the year 2011-2012.
- Other income was Rs. 55.67 Lacs for the year 2012-2013 decreased by 8.32% as against Rs. 60.72 Lacs for the year 2011-2012.
- Interest expenses were Rs. 960.57 Lacs for the year 2012-2013 as against Rs. 939.72 Lacs for the year 2011-2012.
- Corporate tax liability including Deferred, Fringe Benefit and Wealth Tax Liability for the year was Rs. 642.09 Lacs for the year 2012-2013 as against Rs. 555.56 Lacs for the year 2011-2012.
- Net profit was Rs. 1088 Lacs for the year 2012-2013 decreased by 26.32% as against Rs. 1476 Lacs for the year 2011-2012.
- Paid up equity share capital as on March 31, 2013 stood at Rs. 684.46 Lacs
- Earnings Per share (EPS) was Rs. 15.89 for the year 2012-2013 as against Rs. 21.56 for the year 2011-2012.

- Cash Earnings Per share (CEPS) was Rs. 29.63 for the year 2012-2013 as against Rs. 33.18 for the year 2011-2012.
- STL has contributed a foreign exchange to the tune of Rs. 2438.05 Lacs for the year 2012-2013 as against Rs. 2604.05 Lacs for the year 2011-2012.

Human Resources Development

Your Company' believes that the real asset of a Company is its employee and in order to achieve its objectives, it is important to have a team whose members are conversant with both technical and commercial knowledge and they should have firm faith in Company.

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

The Industrial Relations have been harmonious and cordial.

The Company employed 616 persons during the year under review.

Cautionary Statement

Statements in this management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectation may be "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ from those either expressed or implied. Important factors that could affect the Company's performance include economic developments within the country, demand and supply conditions in the Industry, changes in the Government regulations, tax laws and other factor such as litigation and industrial relations.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **M/S STERLING TOOLS LIMITED**

We have audited the accompanying financial statements of **M/S STERLING TOOLS LIMITED**, (“the Company”), which comprise the Balance Sheet as at **31st March, 2013**, 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.

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”). 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.

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.

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. 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.

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 31st March 2013;
- (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.

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;
- e. On the basis of written representations received from the directors as on 31st March 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2013 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.,
CHARTERED ACCOUNTANTS,
REGN. NO. 01478N

(SANDEEP DINODIA)
PARTNER
M. No. 083689

PLACE: NEW DELHI
DATED: 13.05.2013

ANNEXURE TO THE AUDITORS' REPORT

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

RE: M/S STERLING TOOLS LIMITED

- (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 2013 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 | COMMISSIONER (APPEALS), CUSTOMS & CENTRAL EXCISE, DELHI-IV, New CGO Complex, NH-IV Faridabad. |
| | | 5,326,546 | November 2010 - January 2011 | COMMISSIONER(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.

CHARTERED ACCOUNTANTS

Reg. No. 001478N

(SANDEEP DINODIA)

PARTNER

M.NO. 083689

Place: New Delhi

Date: 13.05.2013

Balance Sheet as at March 31,2013

(Amount in Rupees)

| PARTICULARS | Note No. | As At March 31, 2013 | As At March 31, 2012 |
|--------------------------------|----------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share Capital | 3 | 68,446,000.00 | 68,446,000.00 |
| Reserves and surplus | 4 | 821,104,706.04 | 752,127,214.13 |
| | | 889,550,706.04 | 820,573,214.13 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 266,330,071.40 | 259,844,684.91 |
| Deferred tax liabilities (Net) | 6 | 120,855,944.63 | 96,534,069.75 |
| Other Long term liabilities | 7 | 5,880,193.02 | 257,815.00 |
| Long-term provisions | 8 | 4,337,112.00 | 3,295,378.00 |
| | | 397,403,321.05 | 359,931,947.66 |
| Current liabilities | | | |
| Short-term borrowings | 9 | 499,445,248.51 | 557,072,461.27 |
| Trade payables | 10 | 156,147,074.88 | 181,459,394.92 |
| Other current liabilities | 11 | 150,878,275.58 | 179,814,856.97 |
| Short-term provisions | 8 | 6,887,250.00 | 41,014,807.18 |
| | | 813,357,848.97 | 959,361,520.34 |
| TOTAL | | 2,100,311,876.07 | 2,139,866,682.13 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 12 | | |
| Tangible assets | | 1,067,188,648.36 | 1,007,656,963.36 |
| Intangible assets | | 688,460.00 | 1,392,846.00 |
| Capital work-in-progress | | 4,877,629.22 | 9,953,632.00 |
| Non-current investments | 13 | 37,500,000.00 | 37,500,000.00 |
| Long-term loans and advances | 14 | 36,759,183.33 | 74,077,350.02 |
| | | 1,147,013,920.91 | 1,130,580,791.38 |
| Current assets | | | |
| Inventories | 15 | 402,724,575.08 | 468,103,875.60 |
| Trade receivables | 16 | 369,861,316.20 | 405,390,141.33 |
| Cash and other Bank Balances | 17 | 79,832,819.06 | 53,020,380.72 |
| Short-term loans and advances | 14 | 81,522,552.51 | 64,606,357.10 |
| Other current assets | 18 | 19,356,692.31 | 18,165,136.00 |
| | | 953,297,955.16 | 1,009,285,890.75 |
| TOTAL | | 2,100,311,876.07 | 2,139,866,682.13 |

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.,
 CHARTERED ACCOUNTANTS
 REGN. NO. 001478N

(SANDEEP DINODIA)
 P A R T N E R
 M. NO. 083689

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

(ANIL AGGARWAL)
 Managing Director
 DIN No.00027214

PLACE: NEW DELHI
 DATE: 13.05.2013

(SANJEEV BHARDWAJ)
 Vice President (Finance)

(VAISHALI SINGH)
 Company Secretary

Statement of profit & loss for the year ended March 31, 2013

(Amount in Rupees)

| PARTICULARS | Note No. | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|----------|-----------------------------------|-----------------------------------|
| Income | | | |
| Revenue from operations (Gross) | 19 | 3,146,719,875.90 | 3,239,289,375.59 |
| Less : Excise Duty | | 321,661,188.00 | 289,015,830.00 |
| Revenue from operations (Net) | | 2,825,058,687.90 | 2,950,273,545.59 |
| Other income | 20 | 5,566,870.76 | 6,071,501.85 |
| Total Income (I) | | 2,830,625,558.66 | 2,956,345,047.44 |
| Expenses | | | |
| Cost of raw material consumed | 21 | 1,248,910,857.12 | 1,416,899,954.80 |
| Changes in inventories in finished goods, work-in-progress and Stock in trade | 22 | 54,567,591.70 | (70,861,777.01) |
| Employee benefits expense | 23 | 240,731,449.29 | 241,619,050.84 |
| Finance Cost | 24 | 99,854,612.17 | 97,753,360.41 |
| Depreciation and amortization expense | 12 | 94,075,736.00 | 79,511,721.64 |
| Other expenses | 25 | 930,001,576.90 | 984,539,397.66 |
| Total expenses (II) | | 2,668,141,823.18 | 2,749,461,708.34 |
| Profit before exceptional and extraordinary items and tax (I-II) | | 162,483,735.48 | 206,883,339.10 |
| Exceptional items | | | |
| Profit/ (loss) on sale of fixed assets | | - | (901,052.00) |
| Provision for doubtful debts for the year | | (7,516,369.53) | (17,993,700.37) |
| Provision for doubtful debt written back | | 17,993,705.02 | 15,168,604.00 |
| Profit before extraordinary items and tax | | 172,961,070.97 | 203,157,190.73 |
| Extraordinary Items | | | |
| Profit Before Tax | | 172,961,070.97 | 203,157,190.73 |
| Tax Expense : | | | |
| Current Tax | | 39,900,900.00 | 59,700,000.00 |
| Deferred Tax | | 24,321,874.88 | 2,608,579.75 |
| Tax adjustment for earlier years | | (14,022.00) | (6,752,349.00) |
| Profit after tax/Profit for the year | | 108,752,318.09 | 147,600,959.98 |
| Earnings per equity share: | | | |
| Basic / diluted earning per share | 28 | 15.89 | 21.56 |
| 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.,
 CHARTERED ACCOUNTANTS
 REGN. NO. 001478N

(SANDEEP DINODIA)
 P A R T N E R
 M. NO. 083689

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

(ANIL AGGARWAL)
 Managing Director
 DIN No.00027214

PLACE: NEW DELHI
 DATE: 13.05.2013

(SANJEEV BHARDWAJ)
 Vice President (Finance)

(VAISHALI SINGH)
 Company Secretary

Cash flow statement for the year ended 31 March, 2013

| | (Amount in Rs.) | |
|--|------------------------------|------------------------------|
| | Year Ended March 31, 2013 | Year Ended March 31, 2012 |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Profit before tax | 172,961,070.97 | 203,157,190.73 |
| Adjustments for : | | |
| Depreciation (Net) | 94,075,736.00 | 79,511,721.64 |
| Unrealised Foreign Exchange (Gain)/Loss | 1,112,938.74 | (1,239,112.78) |
| Wealth Tax & Income Tax Interest | 678,134.00 | 127,500.00 |
| Profit/ (Loss) on sale of fixed assets | (63,406.00) | 901,052.00 |
| Interest Expenses | 96,057,072.17 | 93,971,789.58 |
| Operation profit before working capital changes | 364,821,545.88 | 376,430,141.17 |
| Adjustment for : | | |
| (Increase)/ Decrease in Trade Receivables | 34,769,949.60 | 13,277,181.28 |
| (Increase)/ Decrease in Other Receivables | 19,210,414.97 | (47,047,288.12) |
| (Increase)/ Decrease in Inventories | 65,379,300.52 | (94,683,657.59) |
| Increase/ (Decrease) in Trade Payables | (25,316,736.25) | (14,113,654.78) |
| Increase/ (Decrease) in Other Liabilities | (19,810,549.38) | 18,756,764.17 |
| Increase/ (Decrease) in Provisions | 1,388,979.00 | (142,731.83) |
| | 75,621,358.47 | (123,953,386.87) |
| Net Cash generated from operations | 440,442,904.35 | 252,476,754.30 |
| Direct taxes paid | (35,264,988.00) | (67,433,898.00) |
| Net cash from operating activities (A) | 405,177,916.35 | 185,042,856.30 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (147,881,924.02) | (227,306,141.18) |
| Sale of fixed assets | 2,048,126.00 | 3,213,319.00 |
| Investment in Joint Venture Company | - | (20,000,000.00) |
| Net cash used in investing activities (B) | (145,833,798.02) | (244,092,822.18) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from long-term borrowings- from banks | 123,440,737.00 | 106,779,512.00 |
| Dividend paid including Dividend Tax | (79,549,652.00) | (39,774,826.00) |
| Repayment of long-term borrowings-to banks | (120,459,004.86) | (115,501,136.09) |
| Short Term Borrowings | (57,976,859.76) | 180,219,048.27 |
| Interest paid | (97,986,900.37) | (95,441,062.58) |
| Net cash used in financing activities (C) | (232,531,679.99) | 36,281,535.60 |
| Net increase in cash & cash equivalent (A+B+C) | 26,812,438.34 | (22,768,430.28) |
| Cash and Cash equivalents as at 01.04.2012 (Opening Balance) | 53,020,380.72 | 75,788,811.00 |
| Unrealised Foreign Exchange Gain/(Loss) | - | - |
| Cash and Cash equivalents as at 31.03.2013(Closing balance) | 79,832,819.06 | 53,020,380.72 |
| Cash and cash equivalents includes | | |
| Cash in hand | 377,179.11 | 986,975.11 |
| Deposits with banks | 16,781,801.95 | 19,157,850.00 |
| Balance with schedule banks on current accounts | 60,228,046 | 30,991,598.61 |
| On unpaid dividend accounts | 2,445,792.00 | 1,883,957.00 |
| | 79,832,819.06 | 53,020,380.72 |

Notes:-

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

As per our Report of even date attached

For & on behalf of Board

FOR S.R. DINODIA & CO.,
CHARTERED ACCOUNTANTS
REGN. NO. 001478N

(SANDEEP DINODIA)
P A R T N E R
M. NO. 083689

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

(ANIL AGGARWAL)
Managing Director
DIN No.00027214

PLACE: NEW DELHI
DATE: 13.05.2013

(SANJEEV BHARDWAJ)
Vice President (Finance)

(VAISHALI SINGH)
Company Secretary

Notes to financial statements for the year ended March 31,2013

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 Rs. 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.

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

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 31,2013

(Amount in Rupees)

| | As at March 31, 2013 | As at March 31, 2012 |
|--|-------------------------|-------------------------|
| NOTE 3 : SHARE CAPITAL | | |
| Authorised | | |
| 10,000,000 (March 31,2012: 10,000,000) Equity Shares of Rs. 10/- each | 100,000,000.00 | 100,000,000.00 |
| Issued, Subscribed & Paid-up | | |
| 6,844,600 (March 31,2012: 6,844,600) Equity Shares of Rs.10/- each fully paid up | 68,446,000.00 | 68,446,000.00 |
| | 68,446,000.00 | 68,446,000.00 |

(a) Reconciliation Statement of Equity Share Capital (Amount in Rupees)

| | March 31, 2013 | | March 31, 2012 | |
|--|----------------|------------|----------------|------------|
| | 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 Rs.10 per share. Each holder of Equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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, 2013 | | March 31, 2012 | |
|--|----------------|-----------|----------------|-----------|
| | No. of Shares | Holding % | No. of Shares | Holding % |
| (i) Mr. Manohar Lal Aggarwal, Promoter | 770,613 | 11.26% | 759,913 | 11.11% |
| (ii) Mr. Anil Aggarwal, Promoter | 1,567,149 | 22.90% | 1,550,400 | 22.65% |
| (iii) Mr. Atul Aggarwal, Promoter | 1,718,502 | 25.11% | 1,718,502 | 25.11% |

(Amount in Rupees)

| | As at March 31, 2013 | As at March 31, 2012 |
|--|-------------------------|-------------------------|
|--|-------------------------|-------------------------|

NOTE 4 : RESERVE AND SURPLUS

Capital Reserve

| | | |
|---------------------------------------|-------------------|-------------------|
| Balances at the beginning of the year | 664,750.00 | 664,750.00 |
| Add:- Addition during the year | - | - |
| Less:- Utilised during the year | - | - |
| Closing Balance | 664,750.00 | 664,750.00 |

Security Premium Reserve

| | | |
|---------------------------------------|----------------------|----------------------|
| Balances at the beginning of the year | 34,071,500.00 | 34,071,500.00 |
| Add:- Addition during the year | - | - |
| Less:- Utilised during the year | - | - |
| Closing Balance | 34,071,500.00 | 34,071,500.00 |



Notes to financial statements for the year ended March 31,2013

(Amount in Rupees)

| | As at March 31, 2013 | As at March 31, 2012 |
|--|-------------------------|-------------------------|
| NOTE 4 : RESERVE AND SURPLUS Contd... | | |
| General Reserve | | |
| Balances at the beginning of the year | 163,446,396.00 | 148,446,396.00 |
| Add:- Addition during the year | 11,000,000.00 | 15,000,000.00 |
| Less:- Utilised during the year | - | - |
| Closing Balance | 174,446,396.00 | 163,446,396.00 |
| Surplus / (deficit) in the statement of profit and loss | | |
| Balances at the beginning of the year | 553,944,568.13 | 461,118,434.33 |
| Add:- Addition during the year | | |
| Balance of Statement of Profit & Loss | 108,752,318.09 | 147,600,959.98 |
| Less:- Utilised during the year | | |
| Interim dividend paid | 34,223,000.00 | - |
| (Dividend amount per share Rs. 5 (March 31,2012: Nil)) | | |
| Proposed Dividend on Equity Shares | - | 34,223,000.00 |
| (Dividend amount per share Nil (March 31,2012:Rs. 5)) | | |
| Dividend Distribution Tax on Interim Dividend | 5,551,826.18 | - |
| Dividend Distribution Tax on Proposed Dividend | - | 5,551,826.18 |
| Transfer to General Reserve | 11,000,000.00 | 15,000,000.00 |
| Closing Balance | 611,922,060.04 | 553,944,568.13 |
| Total | 821,104,706.04 | 752,127,214.13 |

(Amount in Rupees)

| | Non Current portion | | Current Maturities | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2013 | As at March 31, 2012 | As at March 31, 2013 | As at March 31, 2012 |
| NOTE 5 : LONG TERM BORROWINGS | | | | |
| Indian rupee loan from Banks (Secured) | | | | |
| -Term loans | 206,330,868.40 | 199,844,684.91 | 81,090,280.00 | 84,593,934.00 |
| - Working capital Term Loan | 59,999,203.00 | 60,000,000.00 | 30,000,000.00 | 30,000,000.00 |
| Total | 266,330,071.40 | 259,844,684.91 | 111,090,280.00 | 114,593,934.00 |
| Less: Amount disclosed under head "other current liabilities" (note 11) | - | - | 111,090,280.00 | 114,593,934.00 |
| Net amount | 266,330,071.40 | 259,844,684.91 | - | - |

- Term loan are 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. The vehicle loans are secured by hypothecation of respective vehicles.
- 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 w.e.f. 01.04.2013 | Installments ending on |
|--------------------|---------------------------|--|------------------------|
| OBC/806 | Term Loan | 40 | July 2016 |
| OBC/49 | Term Loan | 2 | May 2013 |
| OBC/148 | Term Loan | 46 | January 2017 |
| OBC/117 | Term Loan | 12 | March 2014 |
| OBC/124 | Term Loan | 12 | March 2014 |
| OBC/131 | Working capital term loan | 36 | March 2016 |

Notes to financial statements for the year ended March 31,2013

(Amount in Rupees)

| | As at March 31, 2013 | As at March 31, 2012 |
|---|-------------------------|-------------------------|
| NOTE 6 : DEFERRED TAX LIABILITIES (NET) | | |
| Deferred Tax Liability | | |
| Fixed assets : Impact of difference between depreciaton as per Income Tax Act and depreciaton/amortization as per Companies Act. | 128,714,298.68 | 104,169,549.64 |
| Total A | 128,714,298.68 | 104,169,549.64 |
| 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 | 5,419,667.96 | 1,797,423.80 |
| Provision of doubtful debts | 2,438,686.09 | 5,838,056.09 |
| Total B | 7,858,354.05 | 7,635,479.89 |
| Net Deferred Tax Liability (A-B) | 120,855,944.63 | 96,534,069.75 |

(Amount in Rupees)

| | As at March 31, 2013 | As at March 31, 2012 |
|---|-------------------------|-------------------------|
| NOTE 7 : OTHER LONG TERM LIABILITIES | | |
| Trade Payables: | | |
| Lease Rent Equalisation | 713,447.00 | - |
| Others: | | |
| Gratuity payable | 2,870,098.00 | - |
| Security Deposits | 2,296,648.02 | 257,815.00 |
| Total | 5,880,193.02 | 257,815.00 |

(Amount in Rupees)

| | Long-term | | Short-term | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2013 | As at March 31, 2012 | As at March 31, 2013 | As at March 31, 2012 |
| NOTE 8 :PROVISIONS | | | | |
| Provisions for employees benefits | | | | |
| Provision for Leave Encashment (refer note 23) | 4,337,112.00 | 3,295,378.00 | 1,445,704.00 | 1,098,459.00 |
| | 4,337,112.00 | 3,295,378.00 | 1,445,704.00 | 1,098,459.00 |
| Other provisions | | | | |
| Provision for Income Tax (Net of advance tax of Rs.35,137,488) | - | - | 5,254,146.00 | - |
| Provision for Fringe Benefit Tax | - | - | - | 14,022.00 |
| Provision for Wealth Tax | - | - | 187,400.00 | 127,500.00 |
| Proposed Dividend | - | - | - | 34,223,000.00 |
| Tax on Proposed Dividend | - | - | - | 5,551,826.18 |
| | - | - | 5,441,546.00 | 39,916,348.18 |
| Total | 4,337,112.00 | 3,295,378.00 | 6,887,250.00 | 41,014,807.18 |

Notes to financial statements for the year ended March 31,2013

(Amount in Rupees)

| | As at March 31, 2013 | As at March 31, 2012 |
|---|-------------------------|-------------------------|
| CONTINGENT LIABILITIES | | |
| S.No. Particulars | | |
| i) Disputed Liability under Central Excise Act* (Including interest) | 405,293,695.00 | 296,338,501.00 |
| ii) Letter of Credit (Net of Margin) | 49,829,637.00 | 77,490,416.00 |
| iii) Bank Guarantee (Net of Margin) | 1,934,106.00 | 3,089,052.00 |
| iv) Guarantee towards repayment of EMI of car loans taken by the employees from MUL | 297,847.00 | 581,150.00 |
| v) EPCG –Export Obligation | 60,854,594.00 | 388,178,865.00 |

*Excise demand amounting to Rs.189,015,254 for the period June 2006 to Dec 2008 ,Rs.106,987,422 for the period January 2009 to October 2010 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. During the year, two demand orders including penalty for the period Feb to March 2010 for Rs. 3,990,394 and for the period November 2010 for Rs. 5,326,546 were received by the company against which appeals were filed before Commissioner (Appeals), Customs & Central Excise, Delhi-IV, Faridabad. 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 Rupees)

| | As at March 31, 2013 | As at March 31, 2012 |
|---------------------------------------|-------------------------|-------------------------|
| NOTE 9 : SHORT TERM BORROWINGS | | |
| Loans from banks (Secured) | | |
| - Working Capital Facilities | 483,527,775.51 | 557,072,461.27 |
| - Buyers credit for capital goods | 15,917,473.00 | - |
| Total | 499,445,248.51 | 557,072,461.27 |

- 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
- b) Buyers credit for capital goods are 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.

Notes to financial statements for the year ended March 31,2013

(Amount in Rupees)

| | As at March 31, 2013 | As at March 31, 2012 |
|---|-------------------------|-------------------------|
| NOTE 10 : TRADE PAYABLES | | |
| Amount due to Micro Small and Medium Enterprise | | |
| Principal Amount | 4,195,847.14 | 5,683,546.05 |
| Interest Payable | 24,514.95 | 64,425.00 |
| Amount due to others | 151,926,712.80 | 175,711,423.87 |
| Total | 156,147,074.88 | 181,459,394.92 |

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 :

| | | |
|---|--------------|--------------|
| i) The Principal Amount & Interest due thereon remaining unpaid to any supplier as at end of the year | | |
| Principal Amount | 4,195,847.14 | 5,683,546.05 |
| Interest | 24,514.95 | 64,425.00 |
| ii) The amount of Interest due and payable for the period of delay in making payment (beyond the appointed day during the year) | 24,514.95 | 64,425.00 |
| iii) The amount of Interest accrued and remaining unpaid for the year | 24,514.95 | 64,425.00 |
| 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 Rupees)

| | As at March 31, 2013 | As at March 31, 2012 |
|---|-------------------------|-------------------------|
| NOTE11: OTHER CURRENT LIABILITIES | | |
| Current maturities of long-term borrowings (refer Note No. 5) | 111,090,280.00 | 114,593,934.00 |
| Interest accrued but not due | 505,326.00 | 829,828.00 |
| Advance from customers | 10,424,477.28 | 18,501,270.37 |
| Unclaimed Dividend | 2,445,792.00 | 1,883,957.00 |
| Others: | | |
| Current portion of gratuity payable | 2,566,012.00 | 1,146,073.00 |
| Statutory Dues Payable | 23,221,595.48 | 31,608,120.14 |
| Creditors for Capital Expenditure | 326,945.82 | 10,821,177.85 |
| Other Payables | 297,847.00 | 430,496.61 |
| Total | 150,878,275.58 | 179,814,856.97 |

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

Notes to Financial Statement for the year ended March 31, 2013

NOTE 12 : FIXED ASSETS

(Amount in INR)

| PARTICULARS | RATES | GROSS BLOCK | | | DEPRECIATION/ AMORTIZATION | | | Impairment Loss / (Gain) | NET BLOCK | |
|------------------------------------|--------|-------------------------|-----------------------|-----------------------|----------------------------|-----------------------|----------------------|--------------------------|---------------------------|-------------------------|
| | | AS AT APRIL 01, 2012 | ADDITION | DEDUCTION | AS AT MARCH 31, 2013 | AS AT APRIL 01, 2012 | FOR THE YEAR | | AS AT MARCH 31, 2013 | AS AT MARCH 31, 2012 |
| A. Tangible Assets | | | | | | | | | | |
| Land | | 79,041,822.00 | 5,250,000.00 | - | 84,291,822.00 | - | - | - | 84,291,822.00 | 79,041,822.00 |
| Buildings | 3.34% | 198,545,376.00 | 17,306,118.00 | - | 215,851,494.00 | 47,816,245.64 | 6,871,765.00 | 54,688,010.64 | 161,163,483.36 | 150,729,130.36 |
| Leasehold Improvements (Buildings) | | 24,134,164.00 | - | - | 24,134,164.00 | 9,601,132.00 | 908,314.00 | 10,509,446.00 | 13,624,718.00 | 14,533,032.00 |
| Plant and Equipment | 7.42% | 1,193,047,524.00 | 118,022,462.00 | 1,346,596.00 | 1,309,723,390.00 | 464,878,257.00 | 81,191,216.00 | 545,073,102.00 | 764,650,288.00 | 728,169,287.00 |
| Furniture and fixtures | 6.33% | 12,526,117.00 | 2,866,680.00 | 525,292.00 | 14,867,505.00 | 6,953,494.00 | 664,465.00 | 7,617,959.00 | 7,249,546.00 | 5,572,623.00 |
| Vehicles | 9.50% | 28,412,871.00 | 8,643,840.00 | 1,728,784.00 | 35,327,927.00 | 9,311,905.00 | 2,802,496.00 | 11,316,110.00 | 24,011,817.00 | 19,100,966.00 |
| Office Equipments | 4.75% | 15,852,670.00 | 2,798,655.00 | 181,010.00 | 18,470,315.00 | 5,342,547.00 | 933,094.00 | 6,273,341.00 | 12,196,974.00 | 10,510,123.00 |
| Total | | 1,551,560,544.00 | 154,887,755.00 | 3,781,682.00 | 1,702,666,617.00 | 543,903,580.64 | 93,371,350.00 | 1,796,962.00 | - 1,067,188,648.36 | 1,007,656,963.36 |
| B. Intangible Assets | | | | | | | | | | |
| Computer software | 33.33% | 2,113,159.00 | - | - | 2,113,159.00 | 720,313.00 | 704,386.00 | 1,424,699.00 | 688,460.00 | 1,392,846.00 |
| Total | | 2,113,159.00 | - | - | 2,113,159.00 | 720,313.00 | 704,386.00 | - 1,424,699.00 | - | 1,392,846.00 |
| C. Capital Work in Progress | | | | | | | | | | |
| CWIP | | 9,953,632.00 | 47,451,632.86 | 52,527,635.64 | 4,877,629.22 | - | - | - | 4,877,629.22 | 9,953,632.00 |
| Total | | 9,953,632.00 | 47,451,632.86 | 52,527,635.64 | 4,877,629.22 | - | - | - | - 4,877,629.22 | 9,953,632.00 |
| Grand Total | | 1,563,627,335.00 | 202,339,387.86 | 56,309,317.64 | 1,709,657,405.22 | 544,623,893.64 | 94,075,736.00 | 1,796,962.00 | - 1,072,754,737.58 | 1,019,003,441.36 |
| Previous Year | | 1,345,760,628.00 | 330,922,340.00 | 113,055,633.00 | 1,563,627,335.00 | 471,906,508.00 | 79,511,721.64 | 6,794,336.00 | - 1,019,003,441.36 | 873,854,120.00 |

Note:

During the year, Rs. 1,929,828 has been capitalised as borrowing cost.



Notes to financial statements for the year ended March 31,2013

(Amount in Rupees)

| | As at March 31, 2013 | As at March 31, 2012 |
|--|-------------------------|-------------------------|
| NOTE 13: NON-CURRENT INVESTMENTS | | |
| Trade Investment (Valued at cost unless stated otherwise) | | |
| Investment in Joint Venture Company | 37,500,000.00 | 37,500,000.00 |
| (Unquoted Equity Instruments) | | |
| 3,750,000 Equity Shares (March 31,2012: 3,750,000) of Rs. 10 each in Sterling Fabory India Pvt. Ltd. | | |
| Total | 37,500,000.00 | 37,500,000.00 |
| Aggregate cost of unquoted Investment Rs. 37,500,000.00 (March 31,2012: Rs. 37,500,000.00) | | |

(Amount in Rupees)

| | Non Current | | Current | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2013 | As at March 31, 2012 | As at March 31, 2013 | As at March 31, 2012 |
| Note 14: Loans and Advances | | | | |
| Capital Advances | 23,519,681.00 | 60,696,314.80 | - | - |
| (Unsecured, considered good) | | | | |
| Security Deposits | 7,591,140.33 | 6,549,226.22 | 455,000.00 | 40,000.00 |
| (Unsecured, considered good) | | | | |
| Fixed Deposit* (refer note 18) | - | 31,000.00 | - | - |
| Advances recoverable in cash or in Kind | 80,000.00 | 75,100.00 | 62,441,183.29 | 47,616,672.10 |
| (Unsecured, considered good) | | | | |
| Other Loans and advances (Unsecured considered good) | | | | |
| Advance Income Tax | 2,191,097.00 | 2,191,097.00 | - | - |
| Net of provisions of Rs. March 31, 2013 Rs 200,659,000.00 (March 31, 2012 Rs 200,659,000.00) | | | | |
| Loan to employees | 206,840.00 | 173,000.00 | 1,542,535.00 | 879,200.00 |
| Prepaid Expenses | 238,420.00 | 1,088,524.00 | 4,777,653.00 | 1,529,060.00 |
| Balances with statutory/ government Authorities | 2,932,005.00 | 3,273,088.00 | 12,306,181.22 | 14,541,425.00 |
| Total | 36,759,183.33 | 74,077,350.02 | 81,522,552.51 | 64,606,357.10 |

a) * Fixed Deposits receipts are pledged with the bank as margin for letter of credit / Bank Guarantee issued by them.

b) **Capital Commitment:** Estimated amount of contracts remaining to be executed on the capital account and not provided for in the account Rs.4,0916,944 (March 31,2012: Rs.241,109,825).

Notes to financial statements for the year ended March 31,2013

(Amount in Rupees)

| | As at March 31, 2013 | As at March 31, 2012 |
|--|-------------------------|-------------------------|
| NOTE 15: INVENTORIES | | |
| (valued at lower of cost or net realizable value) | | |
| Raw Materials (refer note 21) | 110,322,888.02 | 115,480,330.88 |
| Goods in Transit - Raw Material | 2,871,247.52 | 179,877.73 |
| Work in Process (refer note 22) | 73,946,691.92 | 121,716,789.71 |
| Finished Goods (refer note 22) | 175,214,130.71 | 182,251,713.63 |
| Stores, spares & Consumables | 35,895,556.11 | 42,827,797.24 |
| Goods in Transit - Stores, spares & consumables | 473,845.00 | - |
| Tools & Dies | 3,482,238.79 | 5,369,478.41 |
| Scrap (refer note 22) | 517,977.00 | 277,888.00 |
| Total | 402,724,575.08 | 468,103,875.60 |

(Amount in Rupees)

| | Non Current | | Current | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2013 | As at March 31, 2012 | As at March 31, 2013 | As at March 31, 2012 |
| NOTE 16: TRADE RECEIVABLES | | | | |
| (Unsecured, considered good unless stated otherwise) | | | | |
| Outstanding for a period exceeding six months from the date they are due for payment | | | | |
| Unsecured, considered good | - | - | 5,996,490.42 | 8,614,607.00 |
| Unsecured, considered doubtful | - | - | 7,516,365.16 | 17,993,700.00 |
| | - | - | 13,512,855.58 | 26,608,307.00 |
| Less: Provision for doubtful debts | - | - | 7,516,365.16 | 17,993,700.00 |
| | - | - | 5,996,490.42 | 8,614,607.00 |
| Debts due by companies which have common directors | - | - | 810,999.70 | 900,528.25 |
| Other Receivables | - | - | 363,053,826.08 | 395,875,006.08 |
| Total | - | - | 369,861,316.20 | 405,390,141.33 |

Notes to financial statements for the year ended March 31,2013

(Amount in Rupees)

| | Non Current | | Current | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2013 | As at March 31, 2012 | As at March 31, 2013 | As at March 31, 2012 |

NOTE 17: CASH AND BANK BALANCES

Cash & Cash Equivalents

Balances with Scheduled banks :

| | | | | |
|--|--|--|----------------------|----------------------|
| On current accounts | | | 16,781,801.95 | 30,991,598.61 |
| Deposits accounts with original maturity less than 3 months* | | | 60,032,400.00 | 13,365,000.00 |
| On unpaid dividend accounts | | | 2,445,792.00 | 1,883,957.00 |
| Cash in hand | | | 377,179.11 | 986,975.11 |
| | | | 79,637,173.06 | 47,227,530.72 |

Other Bank Balances

Balances with Scheduled banks :

| | | | | |
|--|---|------------------|----------------------|----------------------|
| Deposit Accounts with original maturity more than 3 months* | - | 31,000.00 | 195,646.00 | 5,792,850.00 |
| | - | 31,000.00 | 195,646.00 | 5,792,850.00 |
| Amount disclosed under non-current loans & advances (refer note no 14) | - | (31,000.00) | - | - |
| Total | - | - | 79,832,819.06 | 53,020,380.72 |

* Fixed Deposits receipts amounting to Rs. 101,796(March 31, 2012 Rs. 9,157,850) are pledged with the bank as margin for letter of credit / Bank Guarantee issued by them.

(Amount in Rupees)

| | As at March 31, 2013 | As at March 31, 2012 |
|--|-------------------------|-------------------------|
|--|-------------------------|-------------------------|

NOTE 18: OTHER CURRENT ASSETS

| | | |
|------------------------------|----------------------|----------------------|
| Interest Accured but not due | 133,540.00 | 311,474.00 |
| Export Incentive Receivable | 19,223,152.31 | 17,853,662.00 |
| Total | 19,356,692.31 | 18,165,136.00 |

Notes to financial statements for the year ended March 31,2013

(Amount in Rupees)

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|--|--------------------------------------|--------------------------------------|
|--|--------------------------------------|--------------------------------------|

NOTE 19: REVENUE FROM OPERATIONS

Sale of Products

| | | |
|----------------|------------------|------------------|
| Finished Goods | 3,074,116,338.58 | 3,170,184,662.32 |
|----------------|------------------|------------------|

Other Operating Revenues

| | | |
|-------------------------------|---------------|---------------|
| Steel Scrap Sale | 47,401,341.50 | 46,268,113.00 |
| Export incentive margin | 3,008,856.00 | - |
| Income from export incentives | 22,193,339.82 | 22,836,600.27 |

| | | |
|--|-------------------------|-------------------------|
| Revenue From Operations (Gross) | 3,146,719,875.90 | 3,239,289,375.59 |
|--|-------------------------|-------------------------|

| | | |
|--------------------|----------------|----------------|
| Less: Excise duty# | 321,661,188.00 | 289,015,830.00 |
|--------------------|----------------|----------------|

| | | |
|--------------------------------------|-------------------------|-------------------------|
| Revenue From Operations (Net) | 2,825,058,687.90 | 2,950,273,545.59 |
|--------------------------------------|-------------------------|-------------------------|

Excise Duty on sales amounting to Rs. 321,661,188.00(March 31, 2012 : Rs.289,015,830.00) has been reduced from sales in statement of profit & loss and Excise duty on increase/decrease in stock amounting to Rs.7,119,658.03 (March 31,2012 : 6,647,341.32) has been considered as (income)/expense in note 23 of financial statements.

a) Detail of Product sold

| | | |
|------------------------|------------------|------------------|
| High Tensile Fasteners | 3,074,116,338.58 | 3,144,488,197.32 |
| | 3,074,116,338.58 | 3,144,488,197.32 |

b) Earnings in foreign exchange

| | | |
|-----------------------|----------------|----------------|
| Export of goods (FOB) | 243,805,262.00 | 260,404,620.00 |
| | 243,805,262.00 | 260,404,620.00 |

(Amount in Rupees)

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|--|--------------------------------------|--------------------------------------|
|--|--------------------------------------|--------------------------------------|

NOTE 20: OTHER INCOME

Interest Income on

| | | |
|---|------------|--------------|
| Fixed Deposits | 951,246.00 | 1,348,795.76 |
| Income tax refund | - | 81,019.00 |
| Interest received on inter corporate deposit | - | 1,146,580.00 |
| Interest Received on electricity security deposit | 144,000.00 | - |

Other non operating income

| | | |
|--------------------------------|---------------------|---------------------|
| Miscellaneous Scrap | 1,507,418.00 | 1,262,779.00 |
| Insurance claim received | - | 112,500.00 |
| Sundry Balance Written Back | 643,089.36 | 709,569.90 |
| Profit on sale of fixed assets | 63,406.00 | - |
| Discount received | 2,257,711.40 | 1,410,258.19 |
| Total | 5,566,870.76 | 6,071,501.85 |

Notes to financial statements for the year ended March 31,2013

(Amount in Rupees)

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 | | |
|---|--------------------------------------|--------------------------------------|-------|------------------|
| NOTE 21: COST OF RAW MATERIAL CONSUMED | | | | |
| Balance at the beginning of the year | 115,480,330.88 | 102,863,642.78 | | |
| Add : Purchases during the year | 1,243,753,414.26 | 1,429,516,642.90 | | |
| | 1,359,233,745.14 | 1,532,380,285.68 | | |
| Less:- Balance at the end of the year | 110,322,888.02 | 115,480,330.88 | | |
| Cost of Raw Material Consumed | 1,248,910,857.12 | 1,416,899,954.80 | | |
| a) Details of Raw material consumed | | | | |
| Cold Head Quality Steel Wire | 1,248,910,857.12 | 1,416,899,954.80 | | |
| | 1,248,910,857.12 | 1,416,899,954.80 | | |
| b) Details of Closing Inventory | | | | |
| Cold Head Quality Steel Wire | 110,322,888.02 | 115,480,330.88 | | |
| | 110,322,888.02 | 115,480,330.88 | | |
| c) CIF value of Imports | | | | |
| Raw Materials | 256,383,974.52 | 373,352,831.00 | | |
| Consumable stores & tools | 15,278,019.01 | 26,208,919.00 | | |
| Capital goods | 50,317,637.18 | 138,463,520.00 | | |
| | 321,979,630.71 | 538,025,270.00 | | |
| d) Details of Imported and Indigenous Raw materials Consumed | | | | |
| | % | Value (Rs.) | % | Value (Rs.) |
| Imported | 22.67 | 283,165,830.20 | 25.45 | 360,629,142.00 |
| Indigenous | 77.33 | 965,745,026.92 | 74.55 | 1,056,270,812.00 |
| | 100 | 1,248,910,857.12 | 100 | 1,416,899,954.00 |

(Amount in Rupees)

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|--|--------------------------------------|--------------------------------------|
| NOTE 22: CHANGES IN INVENTORIES IN FINISHED GOODS,WORK-IN-PROGRESS AND STOCK IN TRADE | | |
| Inventories at the beginning of the year | | |
| Finished Goods | 182,251,713.62 | 132,839,074.33 |
| Work in progress | 121,716,789.71 | 100,208,422.00 |
| Scrap | 277,888.00 | 337,118.00 |
| | 304,246,391.34 | 233,384,614.33 |
| Inventories at the end of the year | | |
| Finished Goods | 175,214,130.71 | 182,251,713.62 |
| Work in progress | 73,946,691.92 | 121,716,789.71 |
| Scrap | 517,977.00 | 277,888.00 |
| | 249,678,799.64 | 304,246,391.34 |
| (Increase) / Decrease in inventories | 54,567,591.70 | (70,861,777.01) |

Notes to financial statements for the year ended March 31,2013

(Amount in Rupees)

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|--|--------------------------------------|--------------------------------------|
| NOTE 23: EMPLOYEE BENEFIT EXPENSE | | |
| Salary, Wages & Bonus | 211,768,359.96 | 213,726,537.00 |
| Contribution to Provident & other Funds | 16,704,721.00 | 15,925,801.00 |
| Gratuity | 4,290,037.00 | 3,242,006.00 |
| Staff Welfare Expenses | 7,968,331.33 | 8,724,706.84 |
| Total | 240,731,449.29 | 241,619,050.84 |

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 Rs 12,411,691/- (March 31, 2012: Rs. 12,348,714/-) for provident fund contributions and Rs 2,880,438 /- (March 31, 2012: 3,558,133/-) 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 determine based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations.

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

I. Reconciliation of opening and closing balances of Defined Benefit Obligations

| | Gratuity (Funded) | | Earned leave (Unfunded) | |
|--|----------------------|----------------|----------------------------|----------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| Defined benefit obligations at beginning of the year | 19,346,970 | 16,352,071 | 4,393,837 | 4,282,498 |
| Current Service Cost | 3,608,786 | 2,960,940 | 2,220,879 | 1,691,738 |
| Interest Cost | 1,547,758 | 1,308,166 | 351,507 | 342,600 |
| Actuarial (gain)/loss | 2,049,733 | 316,112 | (38,081) | (1,080,998) |
| Benefits paid | 893,128 | 1,590,319 | 1,145,327 | 842,001 |
| Defined Benefit Obligations at year end | 25,660,119 | 19,346,970 | 5,782,815 | 4,393,837 |

II. Reconciliation of opening and closing balances of fair value of plan assets

| | Gratuity (Funded) | | Earned leave (Unfunded) | |
|--|----------------------|----------------|----------------------------|----------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| Fair value of plan assets at beginning of the year | 18,200,897 | 14,951,927 | N.A | N.A |
| Expected Return on plan assets | 1,652,318 | 1,343,212 | - | - |
| Contribution | 1,263,922 | 3,496,077 | - | - |
| Actuarial (gain)/loss | - | - | - | - |
| Benefits paid | 893,128 | 1,590,319 | - | - |
| Fair value of plan assets at the year end. | 20,224,009 | 18,200,897 | N.A | N.A |

Notes to financial statements for the year ended March 31,2013

III. Reconciliation of fair value of assets and obligations

| | Gratuity (Funded) | | Earned leave (Unfunded) | |
|---|---|----------------|----------------------------|----------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| | Fair value of plan assets at the year end | 20,224,009 | 18,200,897 | 0 |
| Present value of obligation at the year end | 25,660,119 | 19,346,970 | 5,782,815 | 4,393,837 |
| Amount recognized in balance sheet | 5,436,110 | 1,146,073 | 5,782,815 | 4,393,837 |

IV. Expenses recognized during the year

| | Gratuity (Funded) | | Earned leave (Unfunded) | |
|--------------------------------|----------------------|----------------|----------------------------|----------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| | Current Service Cost | 3,608,786.00 | 2,960,940.00 | 2,220,879.00 |
| Interest Cost | 1,547,758.00 | 1,308,166.00 | 351,507.00 | 342,600.00 |
| Expected return on plan assets | 1,652,318.00 | 1,343,212.00 | Nil | Nil |
| Actuarial (gain)/loss | 2,049,733.00 | 316,112.00 | (38,081.00) | (1,080,998.00) |
| Net Cost | 5,553,959.00 | 3,242,006.00 | 2,534,305.00 | 953,540.00 |

V. Actuarial Assumptions

| | Gratuity (Funded) | | Earned leave (Unfunded) | |
|--|---------------------------|---------------------------|----------------------------|---------------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| | Discount Rate (per annum) | 8 | 8% | 8% |
| Future increase in compensation | 7% | 7% | 7% | 7% |
| Expected rate of return on plan assets | 8.98% | 9.05% | N.A | N.A |
| In Service Mortality | L.I.C 1994-96 Ultimate | L.I.C 1994-96 Ultimate | L.I.C 1994-96 Ultimate | L.I.C 1994-96 Ultimate |
| Retirement age | 58 Years | 58 Years | 58 Years | 58 Years |
| Withdrawal rates | 1.00 % p.a | 1.00 % p.a | 1.00 % p.a | 1.00 % p.a |

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.

(Amount in Rupees)

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|--------------------------------------|--------------------------------------|
| NOTE 24: FINANCE COST | | |
| Interest Expense | 96,057,072.17 | 93,971,789.58 |
| Other borrowing cost | 2,485,067.00 | 3,404,633.83 |
| Net loss on foreign currency transactions and transalations | 1,312,473.00 | 376,937.00 |
| Total | 99,854,612.17 | 97,753,360.41 |

Notes to financial statements for the year ended March 31,2013

(Amount in Rupees)

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|--------------------------------------|--------------------------------------|
| NOTE 25: OTHER EXPENSES | | |
| Consumption of stores & spares | 247,243,738.28 | 277,634,143.50 |
| Job work | 69,632,496.38 | 88,431,488.45 |
| Packing materials consumed | 55,772,175.86 | 59,325,501.51 |
| Power & Fuel | 218,941,176.69 | 202,623,184.75 |
| Rent (refer note 27) | 7,322,438.00 | 6,305,600.00 |
| Repairs to buildings | 10,371,700.96 | 23,077,604.01 |
| Repairs to machinery | 52,827,226.46 | 64,230,871.59 |
| Insurance | 4,320,095.07 | 3,491,453.10 |
| Rates and taxes | 2,790,405.43 | 1,111,251.14 |
| Increase Decrease in Excise Duty | 7,119,658.03 | 6,647,341.32 |
| Sales promotion | 56,345,023.26 | 55,862,968.29 |
| Freight Outward | 70,236,115.49 | 74,384,602.13 |
| Travelling & conveyance expenses | 22,681,613.13 | 22,319,591.07 |
| Contract Labour Charges | 26,473,738.00 | 19,445,925.00 |
| Payment to Auditors (refer details below) | 913,445.00 | 724,645.00 |
| Commission to Director | 3,177,000.00 | 7,347,000.00 |
| Exchange Fluctuation | 4,116,077.01 | 6,006,745.41 |
| Bad Debts Written Off | 18,149,571.02 | 15,168,604.00 |
| Interest on delayed payment of income tax | 490,734.00 | - |
| Prior Period Expenses (refer details below) | 338,021.98 | 1,635,555.00 |
| Miscellaneous Expenses | 50,739,126.85 | 48,765,322.39 |
| Total | 930,001,576.90 | 984,539,397.66 |

| a) Details of Imported and Indigenous Stores Consumed | % | Value (Rs.) | % | Value (Rs.) |
|---|-------|----------------|-------|----------------|
| Imported | 6.18 | 15,278,019.01 | 9.44 | 26,208,919.00 |
| Indigenous | 93.82 | 231,965,719.27 | 90.56 | 251,425,224.50 |
| | 100 | 247,243,738.28 | 100 | 277,634,143.50 |

(Amount in Rupees)

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|--------------------------------------|--------------------------------------|
| b) Prior period expenditures include | | |
| Rates & Taxes | - | 10,962.00 |
| Other expenses | - | 1,248.00 |
| Freght Outward | - | 85,808.00 |
| Raw Material Consumed | - | 1,537,537.00 |
| Water | 86,312.98 | - |
| Rent | 157,689.00 | - |
| Repair machinery | 16,306.00 | - |
| Travelling expense | 77,714.00 | - |
| Total | 338,021.98 | 1,635,555.00 |

Notes to financial statements for the year ended March 31,2013

(Amount in Rupees)

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|--------------------------------------|--------------------------------------|
| c) Expenditure in foreign currency | | |
| Travelling | 1,438,850.05 | 1,235,213.00 |
| Others | 14,113,177.80 | 4,942,015.00 |
| Total | 15,552,027.85 | 6,177,228.00 |

(Amount in Rupees)

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|--|--------------------------------------|--------------------------------------|
|--|--------------------------------------|--------------------------------------|

NOTE 26: PAYMENT TO AUDITORS

As Auditor

| | | |
|----------------|------------|------------|
| Audit Fee | 475,000.00 | 475,000.00 |
| Tax Audit Fee | 85,000.00 | 85,000.00 |
| Limited Review | 75,000.00 | 75,000.00 |
| | 635,000.00 | 635,000.00 |

In Other Capacity

| | | |
|-----------------------|-------------------|-------------------|
| Other Matters | 152,800.00 | 40,000.00 |
| Out of pocket expense | 125,645.00 | 49,645.00 |
| | 278,445.00 | 89,645.00 |
| Total | 913,445.00 | 724,645.00 |

Note 27 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 Rs 6,788,447 (March 31,2012: Rs. 5, 874,000) has been debited to Statement of profit and loss. Future minimum lease rentals as on 31 March 2013 are as under:

(Amount in Rupees)

| Particulars | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|--------------------------------------|--------------------------------------|
| Not later than one Year | 6,630,758 | 6,075,000 |
| Later than one year and not later than five years | 18,234,583 | 25,578,768 |
| Total | 24,865,341 | 31,653,768 |

Details of Leasing Agreement are enumerated below:

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



Notes to financial statements for the year ended March 31,2013

- 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 Rs 4,80,000 (March 31,2012: Rs.60,000/-) has been debited to Statement of profit and loss. Future minimum lease rentals as on 31 March 2013 are as under:

| Particulars | (Amount in Rupees) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
| Not later than one Year | 480,000 | 480,000 |
| Later than one year and not later than five years | 1,380,000 | 1,860,000 |
| Total | 1,860,000 | 2,340,000 |

Details of Leasing Agreement is enumerated below:

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

- c) The Company has taken furnished office space on operating cancelable lease. Lease Agreement was valid till 28.02.2013. Lease rental amounting to Rs.211,680 (March 31,2012: 201,600/-) 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 | 28.02.2013 | Yes | Yes | No |

| | (Amount in Rupees) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |

NOTE 28 EARNING PER SHARE (EPS)

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

| | | |
|--|-------------|-------------|
| Profit after Tax | 108,752,318 | 147,600,960 |
| Weighted average equity Shares outstanding (Nos) | 6,844,600 | 6,844,600 |
| Earning per Share - basic/diluted (Rs) | 15.89 | 21.56 |

NOTE 29 RELATED PARTY DISCLOSURES

Name of the Related Parties and description of relationship:

| | |
|--------------------------------|---|
| Significant influence of KMP's | Haryana Ispat Pvt. Ltd. |
| | Sterling Technologies Pvt Ltd. |
| | Sterling Automobiles Pvt. Ltd. |
| | Jaycee Automobiles Pvt. Ltd. |
| Key Management Personnel | 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 31,2013

| Disclosure of Related Parties Transactions: | | (Amount in Rupees) | |
|---|-------------------------|-------------------------|--|
| | As At March 31, 2013 | As At March 31, 2012 | |
| i) Transaction with Associates | | | |
| a) Sale of Assets | | | |
| Sterling Automobile Pvt. Ltd. | 317,000.00 | 660,250.00 | |
| Sterling Fabory India Pvt. Ltd | 791,802.00 | - | |
| b) Expenses paid- R&M | | | |
| Sterling Automobile Pvt. Ltd. | 89,544.00 | 157,439.00 | |
| Jaycee Automobile Pvt. Ltd. | 210,255.00 | 259,353.00 | |
| c) Rent paid | | | |
| Haryana Ispat Pvt. Ltd. | 6,218,370.00 | 5,891,622.00 | |
| Sterling Automobiles (P) Limited | - | 120,000.00 | |
| Sterling Technologies Pvt. Ltd. | - | 50,150.00 | |
| d) Purchase of Asset | | | |
| Sterling Automobile Pvt. Ltd. | 4,999,737.00 | 1,316,205.00 | |
| Jaycee Automobile Pvt. Ltd | 4,743,700.00 | 4,900,035.00 | |
| Sterling Fabory India Pvt. Ltd | - | 530,000.00 | |
| e) Sale Of Material | | | |
| Sterling Fabory (I) (P) Limited | 1,804,602.00 | 3,443,860.00 | |
| f) Purchase of Material | | | |
| Sterling Fabory (I) (P) Limited. | 8,668,767.00 | 6,943,289.00 | |
| Sterling Automobile Pvt. Ltd. | 95,350.00 | - | |
| g) Reimbursement of Expenses | | | |
| Jaycee Automobile Pvt. Ltd | 118,000.00 | - | |
| ii) Transaction with Joint Venture Company | | | |
| Investment in Shares of JV company | - | 20,000,000.00 | |
| iii) Transaction with Key Management Personnel | | | |
| Remuneration Paid | | | |
| Mr. Manohar Lal Aggarwal | 5,821,398.50 | 8,217,700.00 | |
| Mr. Anil Aggarwal | 5,257,502.50 | 7,666,003.00 | |
| Mr. Atul Aggarwal | 5,062,691.00 | 7,434,869.00 | |
| Mr. Anish Aggarwal | 706,133.00 | 74,277.00 | |
| Commission Paid | | | |
| Mr. Manohar Lal Aggarwal | 1,059,000.00 | 2,449,000.00 | |
| Mr. Anil Aggarwal | 1,059,000.00 | 2,449,000.00 | |
| Mr. Atul Aggarwal | 1,059,000.00 | 2,449,000.00 | |
| Total | 48,081,852.00 | 75,012,052.00 | |
| Key Management Personnel | | | |
| Remuneration Payable | | | |
| Mr. Manohar Lal Aggarwal | 251,568.00 | 259,808.00 | |
| Mr. Anil Aggarwal | 227,963.00 | 234,225.00 | |
| Mr. Atul Aggarwal | 150,193.00 | 178,478.00 | |
| Mr. Anish Aggarwal | 44,086.00 | 24,759.00 | |
| Total | 673,810.00 | 697,270.00 | |

Notes to financial statements for the year ended March 31,2013

| Commission Payable | | |
|---------------------------|---------------------|---------------------|
| Mr. Manohar Lal Aggarwal | 731,769.00 | 1,692,259.00 |
| Mr. Anil Aggarwal | 731,769.00 | 1,692,259.00 |
| Mr. Atul Aggarwal | 731,769.00 | 1,692,259.00 |
| Total | 2,195,307.00 | 5,076,777.00 |

| Outstanding Receivables | | |
|---------------------------------|---|-------------------|
| Sterling Fabory (I) (P) Limited | - | 900,528.25 |
| | - | 900,528.25 |

| Outstanding Payables | | |
|---------------------------------|---------------------|------------------|
| Sterling Automobile Pvt. Ltd. | 25,000.00 | 59,447.81 |
| Sterling Fabory (I) (P) Limited | 1,109,064.03 | - |
| | 1,134,064.03 | 59,447.81 |

NOTE 30 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 31.03.2012 | Hedging | One | US\$ 236,090.42 |
| As at 31.03.2013 | Hedging | Six | US\$ 1,476,445.53 |

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

| Particulars | As at March 31, 2013 | | As at March 31, 2012 | |
|---|----------------------|------------|----------------------|------------|
| | Foreign Currency | INR | Foreign Currency | INR |
| Foreign currency exposure not hedged (Sell) | 559,460 EURO | 39,750,248 | 325,634 EURO | 21,632,854 |
| | 175,900 USD | 9,479,821 | 121,062 USD | 6,365,835 |
| | 9,939 GBP | 819,087 | | - |
| Foreign currency exposure not hedged (Buy) | 1,284,890 USD | 69,848,043 | 19,641 USD | 985,105 |
| | 24,195 JPY | 13,549 | | |

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 31.03.2013."

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

| | | |
|--------------------------|---------------------------|-------------------------|
| PLACE: NEW DELHI | (M. L. AGGARWAL) | (ANIL AGGARWAL) |
| | Chairman | Managing Director |
| DATED: 13.05.2013 | DIN No.00027380 | DIN No.00027214 |
| | (SANJEEV BHARDWAJ) | (VAISHALI SINGH) |
| | Vice President (Finance) | 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

243, Okhla Industrial Area,
Phase -III, New Delhi- 110020

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

L.F.No. **A00** _____

No. of Shares _____

| | |
|---------|-------|
| DP Id.* | _____ |
|---------|-------|

| | |
|-------------|-------|
| Client Id.* | _____ |
|-------------|-------|

Name(s) in full

Father/Husband's Name

Address as Registered with the Company

1. _____
2. _____
3. _____

I/We hereby record my/our presence at the 34th Annual General Meeting of the Company being held on Monday, 8th July, 2013 at 09:30 A.M. at **Lakshmipat Singhania Auditorium**, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016.

*Signature of the shareholder(s) / Proxy***

1. _____
2. _____
3. _____

* Applicable for investors holding shares in electronic form

** Strike out whichever is not applicable

Note : Attendance slip in original should be complete in all respect

STERLING TOOLS LIMITED

243, Okhla Industrial Area,
Phase -III, New Delhi- 110020

PROXY

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

L.F.No. **A00** _____

No. of Shares _____

| | |
|---------|-------|
| DP Id.* | _____ |
|---------|-------|

| | |
|-------------|-------|
| Client Id.* | _____ |
|-------------|-------|

Name(s) in full

Father/Husband's Name

Address as Registered with the Company

1. _____
2. _____
3. _____

being a member/members of **Sterling Tools Ltd.** hereby appoint _____ or failing him/her _____ of _____ as my/our proxy to vote for me/us and on behalf at the 34th Annual General Meeting of the Company being held on Monday, 8th July, 2013 at 9:30 A.M. at **Lakshmipat Singhania Auditorium**, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 and at the adjournment thereof.

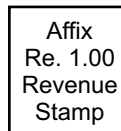
Signature of the shareholder(s)

Signature of Proxy

1. _____
2. _____
3. _____

* Applicable for investors holding shares in electronic form

Date : / /2013



Notes: The proxy must be returned so as to reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid. The proxy need not be a member of the Company.

STERLING TOOLS LIMITED

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STERLING TOOLS LIMITED



Regd. Office:

243, Okhla Industrial Area,
Phase -III, New Delhi- 110020
Tel. : +91-011 - 41096324

Corporate Office:

Plot No. 4, DLF Industrial Estate
Faridabad - 121 003 (Haryana)
Tel: +91-129-227 0621
Fax: +91-129-227 7359

Pune Office:

SC-1-22 & 23, 3rd Floor
Kohinoor Estate Wakdewadi
Bombay - Poona Road
Pune - 411 003
Telefax: +91-20-2581 1566
E-mail: santoshp@stlfasteners.com

Chennai Office:

606, 6th Floor, Challa Mall
11 & 11A Sir Thiagaraya Road
T.Nagar Chennai - 600 017
Telefax: +91-44-4212 9372
E-mail: pushpanathan@stlfasteners.com

Works

5-A DLF Industrial Estate
Faridabad - 121 003, Haryana (India)
Tel: +91-129-227 0621 to 24, 225 5551 to 53
Fax: +91-129-227 7359
E-mail: sterling@stlfasteners.com

49 K.M. Stone Delhi Mathura Road
Village - Prithla, Tehsil - Palwal
Distt. - Palwal, Haryana (India)
Tel: +91-1275-270 134 to 136


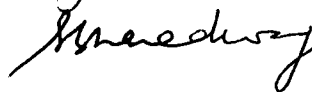
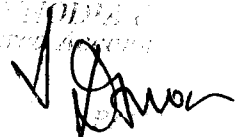

81, Sector - 25, Ballabhgarh
Faridabad, Haryana (India)
Telefax: +91-129-406 3462 3463

Website: www.stlfasteners.com

STERLING TOOLS LIMITED

WORKS : 5-A DLF Industrial Estate
Faridabad - 121 003 Haryana India
Tel : 91-129-227 0621 to 25 / 225 5551 to 53
Fax : 91-129-227 7359
E-mail : sterling@stfasteners.com
website : stfasteners.com

**FORM A****FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED
WITH THE STOCK EXCHANGES**

| | | |
|----|--|---|
| 1 | Name of the Company | Sterling Tools Limited |
| 2 | Annual Financial Statements for the year ended | 31 st March 2013 |
| 3. | Type of Audit Observation | The Audit Report for F.Y. 2012-13 doesn't contain any observation which needs to be explained/clarified by Management of Company. Please refer to sub paragraph (II) named "Report" under paragraph " Statutory Auditors" on page No. 8 of Directors' Report for the financial year ended 31 st March 2013. |
| 4. | Frequency of Observation | N.A. |
| 5. | To be signed by: | |
| | CEO/Managing Director | Mr. Anil Aggarwal  |
| | CFO | Mr. Sanjeev Bharadwaj  |
| | Auditor of the Company | M/s S.R. Dinodia & Co.  |
| | Chairman of the Audit Committee | Mr. K.R. Gupta  |